

THE ROUND TABLE

A QUARTERLY REVIEW OF THE
POLITICS OF THE BRITISH EMPIRE

Volume V

DECEMBER 1914 TO SEPTEMBER 1915

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Ref

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THE POLITICS OF THE BRITISH EMPIRE
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LORD ROBERTS

THE following extracts from letters from an officer at the front are printed as a tribute to the memory of a great man.

"November 15.

"We heard late last night that Roberts had died. No one could have wished him a more fitting end. Life for him was full of interest and vigour to the very end. I doubt if he ever enjoyed two days more than he did the last two before his death. Meeting the Indians was a special delight to him, and he insisted upon stopping his car to talk to every turbaned soldier he met, and visited them in their hospitals. Old Pertab Singh was here to tea the day he came to us and it was great to see the devotion in the old Indian warrior's eyes and his joy when Bobs addressed him as 'Dear old friend.' The last thing Lord Roberts did was to insist upon walking up a hill here to get a good view of the fighting and it was doing this that caused him to catch the chill which proved fatal.

"Did I tell you how deeply moved I was the other Sunday looking at the dear old man praying there so simply and earnestly and thinking of all he had done and fought for and of his simple modest loveliness? It almost brought the tears to my eyes. I hope his death may serve, coming just now, as a real inspiration to our people and help them to come to right decisions."

"November 17.

"We motored over to General Head-quarters for Lord Roberts's funeral service this morning: there

Lord Roberts

were a few officers from every corps and of course all the General Head-quarters Staff and representatives of the French Army. We went with the coffin from the house where he died along streets lined by two Highland Territorial Regiments with the pipes leading the way to the Mairie. The service was held in the entrance hall just inside the doorway, where there was room for perhaps fifty persons round the coffin, while the rest of us stood on the broad stone staircases to left and right looking down. The Prince of Wales was there, and Alexander of Teck. But the two figures that stood out to me were ——— by the head of the coffin, his furrowed face full of sorrow and hard put to it more than once not to break down, and Pertab Singh—not in his usual voluminous turban, but with a little bit of cloth wound tight round his head, small at the first glance; it was only when you looked again you saw he was a soldier and a prince. They sang 'Now the labourer's task is o'er' and 'O God, our help,' and it seemed quite natural that Roman Catholics, Hindus and Mohammedans should all join in the service.

"It was a gloomy day, with frequent cold showers, but as they took the coffin out the sun shone forth brilliantly, drawing across a dark bank of cloud opposite a vivid and most perfect rainbow. An aeroplane was flying out of the cloud into the sunshine, and the trumpets of the French cavalry rang out triumphantly. Then the minute guns started booming, the coffin, draped in the Union Jack, was placed in a Red Cross car, and so the gallant little hero went home from the war.

"I thought during the service of Lord Roberts, almost a boy, attending John Nicholson's funeral at Delhi, and of all the span of his life between, and the link of simple courage and devotion to duty binding all the varied incidents of it together, and was glad of the privilege of having known him."

AFTER FOUR MONTHS' WAR

I

THE British Empire has now been at war on the continent of Europe for nearly four months. It has but one problem before it, how best to concentrate every atom of its strength on bringing the struggle to a successful issue. Every day that passes serves to emphasize this central fact, for every day makes plainer the consequences—overwhelming all ordinary political problems—which are involved. The course of the war has disclosed what few of us had realized, the full nature of the plan for gaining for Germany the hegemony of Europe as the stepping-stone to the hegemony of the world. It is the purpose of this article to examine that plan, for it is vital that, among the new problems which the war has raised, the real issues should be clearly grasped and firmly held to until the victory is won.

The aim of the imperialist statesmen of Germany—one which they were fully confident of being able to carry out—was by an irresistible onset to overwhelm the French army before it was fully mobilized, capture Paris, and then turn and, with their Austrian allies, roll back the Russian menace to the east. Had they succeeded, no great territorial changes would have been necessary as between France and Germany in Europe, perhaps none. Germany would have kept part of Belgium so as to be better able to threaten Paris, should France ever have been foolhardy enough to question her hegemony. She would have taken compensation from among the French colonies and coaling stations and in money. But by her mere victory over the French armies she would have gained, without territorial readjustment, her real aim, final release from any serious menace to her western front. France twice conquered, the second time not through

After Four Months' War

unreadiness and the folly of her rulers as in 1870, but in a fair fight, would have left the council of the great Powers and retreated within herself as all minor nations have to do, leaving the future of the world to be settled by the few other great Powers which were strong enough to engage Germany in something like an equal combat. Paramount over all western Europe by their proved irresistible might, the people of Germany, compact and triumphant, their belief in their rulers and their system vindicated, would be able to turn their attention, without fear of France, to the Balkans and to the worlds across the seas.

But this plan, carefully thought out and prepared as it was, was spoiled by Belgium and England. By Belgium, who, though assured up to the last moment that her territory was safe, refused to bargain with her birthright of freedom and open a way to her neighbour's heart, and by her resistance afforded the slow mobilizing French army a priceless respite. By England, who, also profiting by the delay, threw into France a small but admirable army and so strengthened the fighting line that the French were able to make that concentration of force round Paris which compelled the German retreat from the Marne.

Then the rulers of Germany fell back upon a second plan, which would give them what they most needed in a different way. They realized in practice what Treitschke and many other apostles of the Prussian school had often told them in the schools, that England was the real enemy of the Prussian design, that it was England who was the chief obstacle to their ambitions, and who in 1914 no less than in 1814 would spare no effort to prevent Europe from being mastered by a single Power. So their second plan was to win their way to Calais. For if England really was going to stand in their way, the war would not have been in vain if they could retain their hold on Belgium and the north-east corner of France, or even on Belgium alone. The possession of this territory at the end of the war would give Germany the strategic position she coveted for the future. France,

After Four Months' War

proved impotent to throw but a portion of the German armies out of her country even during a great world war, with the population available for her armies reduced, with the German frontier within 100 miles of Paris, would be in no position to withstand the German will. She would sink more slowly and less dramatically perhaps, but none the less certainly, to the rank of a second-class Power, remorselessly worn down by the knowledge that Germany could strike her to the ground whenever she chose to go to war. The real menace to the western frontier of Germany would thus be gone. At the same time the security of England would be perilously impaired. Germany could make the Channel and the South Atlantic as dangerous with submarines and destroyers as she has already made the North Sea, and thereby threaten England's trade. She would be able to prevent any such rapid and effective co-operation between England and France as had spoiled her plans now. And she would have a second base from which she could launch an offensive across the seas, and that almost within gun fire of the English coast, when the time for the final grapple with the ill-compacted and degenerate Power which lay across her path should have come.

Germany's original attack through Belgium, like her subsequent decision to make good her hold upon it, was not dictated primarily by military, but by political strategy. All war, said Napoleon, is a struggle for position, and the rulers of modern Germany are not less aware of that fact than their great model. The possession of Belgium and an outlet on the Straits of Dover is for Germany the main end and object of the war. If she can gain them, she will be in a position in which no Power in western Europe, save England, can afford seriously to dispute her will, and as against England, she will have gained the strongest strategical position she could desire. To win them she will stop at no sacrifice, as the fierce fighting in that region in October and November shows, and for them she will be willing to make almost any territorial compensation elsewhere.

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Such is the calculation of the rulers of Germany. The possession of Belgium is the final step towards the hegemony of Europe. That phrase is often loosely used, and to a citizen of a democratic state it has but a vague meaning. To the rulers of Germany it conjures up a vision of living reality, it is the object towards which all their policy tends. It is, indeed, the inexorable outcome of their history and system of government. To the Prussian the essence of political doctrine is dominion—the dominion of Prussia and the subdual of her neighbours so that, under pressure from her irresistible sword, they will gradually assume her character and ideals. When they have been leavened by the great governmental educational and professorial machine, and disciplined and moulded by the army machine, the whole will move forward once more under Prussian direction to forge by war a larger empire. And if only the spirit of the nerve-centre can be kept alive, proud, tyrannical, aflame with the will to power, there is no reason why the whole world should not eventually be embraced in one vast system, dominated and forcibly pacified by fear of the monstrous military State at its heart. This is the vision behind the talk about German *kultur*, and the necessity for spreading it by the sword. It is what is exactly expressed in the interpretation by Professor Cramb of modern German Imperialism, which believes that “just as the greatness of Germany is to be found in the governance of Germany by Prussia, so the greatness and good of the world is to be found in the predominance there of German culture and the German mind, in a word, of the German character.” It is what stirred the mind of the writer in the *Cologne Gazette*, at the beginning of the war, when he declared that the crime of England had always been selfishly to resist the union of Europe, and that now again, true to her nature, she had stepped in to try and prevent its becoming a unity under German headship.

It is difficult for a citizen of a democratic community to realize that any modern State, calling itself civilized and

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claiming to be the cultured leader of mankind, can harbour such a design. An ideal such as this is not one which is born of freedom and self-government. It is the growth of a different soil. It is the inevitable result where a great and vigorous people, fearless and free in the realms of art, thought and religion, has surrendered its political conscience into the keeping of an oligarchic and autocratic caste.

Mesmerized by the success of the Prussian system, deluded by the paraphernalia of an ultra-democratic State, the Germans have never yet dared to take the control of their national destinies into their own hands. Ever since the German Empire came into being there has only been one party in power, the great Prussian oligarchy, the military and bureaucratic caste, of which the House of Hohenzollern is the spokesman and the head. Whatever the Social Democrats have said and claimed, they have never been able to persuade the people of Germany of the first maxim of political liberty, that their government should be responsible to their elected representatives. Hence the people of Germany have taken the imperial policy of their rulers on trust. Taught from their earliest years to respect the superior wisdom of those in authority, they have won concessions from the great governmental machine in domestic affairs, but they have never stayed by a hairsbreadth the relentless expansion of armaments or the mailed-fist diplomacy of which they were the instrument. Their failure to assume the responsibilities of a free people has now produced its inevitable result. The aggressive militarism of Germany has ranged half Europe in a league of self-defence, and an attempt to settle what was a European question affecting the peace of the world by drawing the sword and threatening war against anybody who did not stand aside and acquiesce, precipitated the struggle. So now we have the tragic spectacle of the great German people, the leaders of mankind in so much that is noble and true, fighting with a heroism which is past precedent or praise, as they believe solely for their country's safety, but in reality for the ideals of

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an autocratic government whose primary aim is to extend its dominion by military force; a government which recognizes no law or right where its interests are in question, which is ready to extinguish neighbour nations and repress them as it has repressed Posen and Alsace-Lorraine, which has not hesitated to make in times of peace the most elaborate military preparations even within a country whose integrity it had guaranteed, which by its spies and agents endeavours to profit by all its neighbours' troubles for its own aggrandizement; a government which by the law of its own autocratic being is the exponent of the gospel of power, with all the terrorism, perfidy, and repression which it logically entails, and which lives truthfully up to the tradition of Bismarck, "that extraordinary man, the craftiest of foxes, the boldest of lions, who had the art of fascinating and of terrifying, of making of truth itself an instrument of falsehood; to whom gratitude, forgiveness of injuries, and respect for the vanquished were as entirely unknown as all other noble sentiments save that of devotion to his country's ambition; who deemed legitimate everything that contributes to success and who by his contempt for the importunities of morality, dazzled the imagination of mankind."*

Thus the fundamental issue in the war is the age-old struggle between tyranny and freedom. If Germany conquers, all Europe will labour under the terrifying dominance of the Prussian State, fortified once more by success, entrenched in a stronger position than before, and believing even more implicitly in autocracy and violence as the guardians of its destinies, until, in some struggle more devastating and terrible than the present, it is at last overthrown. If Germany is defeated, the prestige of Prussia will be shattered, and the authority of her satanic gospel undermined; and her people, united but freed from the spell which has long entranced them, will begin to move once more along the path towards self-government and freedom. Then will the vision of the democratic peoples begin to prevail. It is a

* Emile Ollivier, *The Franco-Prussian War*.

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vision which welcomes diversity, the development of distinctive national cultures and of distinctive national institutions. Its watchwords are freedom for all nationalities, and the sanctity of national obligations as the basis of international law. It hates the militarism which aims at forcible dominion, for no true democracy can wish to subdue and govern a civilized neighbour. While it recognizes the right and duty of nations to defend themselves, it would employ every method that negotiation, arbitration and diplomacy can suggest before it has recourse to the dread arbitrament of war, and as a further goal it looks forward to the voluntary union of nations, each keeping its distinctive national life and institutions, none asserting its predominance over the rest, but combining so that they may repel attacks upon the public peace in common and settle their mutual differences by the vote of a joint assembly and not with the sword. And, as the distant end, it sees that voluntary federation of free civilized nations which will eventually exorcise the spectre of competitive armaments and give lasting peace to mankind.

II

THE course of the war has thus revealed the strategic objective of the rulers of Germany and the political plan for gaining the hegemony of Europe. Belgium is still the cockpit of this struggle, and the history of Europe and the world for the next century will depend on who retains control of it at the end of the war. To this question all others are subordinate—even that of Bohemia, which is the strategic key in the east—a fact of which the German General Staff have shown full appreciation. So did Lord Kitchener when, on November 9, he said:

“The British Empire is now fighting for its existence. I want every citizen to understand this cardinal fact, for only from a clear conception of the vast importance of the issue at stake can come the great

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national moral impulse without which Governments, War Ministers, and even navies and armies can do but little."

The result of the war up to the present has been that Germany, though foiled in her first plan, has still won a marked success. She holds, and holds firmly, the very strategic position it has been the chief end of her rulers to retain. If peace were made now on the terms that each party should keep what it occupied, Germany would have won the war. Such a peace, of course, is inconceivable. None of the Allies could consider any terms until their paramount objective, the expulsion of the German forces from northern France and Belgium, had been achieved.

For the British Empire the position is one of especial significance. Not only have we to consider our own safety, we have also pledged ourselves without reserve to our allies. Speaking at the Lord Mayor's banquet on November 9, Mr Asquith said:

"We shall never sheath the sword, which we have not lightly drawn, until Belgium recovers in full measure all and more than all that she has sacrificed, until France is adequately secured against the menace of aggression, until the rights of the smaller nationalities of Europe are placed upon an unassailable foundation, and until the military domination of Prussia is wholly and finally destroyed."

That is as solemn an undertaking as was ever given by one great nation to another.

The responsibilities which rest upon us as a nation are thus enormous. But in present conditions they are not very easy for the country at large to realize. The war has as yet not touched our homes or even our coasts. Owing to the inevitable restraints of the censorship, the Press is confined to recording stories of minor victories and deeds of heroism, and making play with every atom of evidence which may suggest difficulties in the high command, and demoralization in the ranks, of the enemy. In consequence there is a real danger that we may persuade ourselves that the victory is as

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good as won, or trust to future Russian victories, or to collapse in the great German army machine, or to economic pressure or shortage of food and war supplies, instead of to our own efforts and determination. All these may help us, but we must never forget that with our French and Belgian allies we have to drive back the German armies to the Rhine, and that there is no real sign as yet that the German armies are in any way unnerved, or that the courage and persistence of the German people have weakened. The decision indeed as between the German and Russian forces is uncertain. We are not justified in answering that question in advance, still less in making the more agreeable answer a basis of our policy. The conflict in the east may as well result in fresh forces being launched against the western lines as in the pressure upon them being relieved. To trust to Russian successes or to economic causes to give us victory, not to the preparations we make for ourselves, is both to gamble with our safety and to lower our good name.

The plain truth is that, in this terrible struggle for the safety of the Empire and the freedom of Europe, we have to organize the whole forces of the nation so as to bring our strength most effectively to bear upon the decisive point. The question is therefore only military in the broadest sense; it includes, not merely the manufacture of armies and all that armies require, but the organization of all our resources so as most rapidly to meet the military demand, so as most fairly to distribute the strain involved in it, and so as most effectively to carry on, in spite of it, the commercial and industrial activities on which our day-to-day necessities and our economic and financial strength both absolutely depend.

So long as neither side can claim much advantage in morale or leading, the decisive factor is numbers. They will be needed whether the strategists decide to force the Germans to evacuate Belgium by a frontal attack or by a great movement to the south threatening their communications. Even in resisting the assaults of the enemy the wastage is enormous. One British brigade in fifteen days'

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fighting lost 97 per cent of the officers and 77 per cent of the men. This is no doubt an extreme case, but in three months' fighting the total casualties amount to between a quarter and a third of the British forces actually engaged. If wastage continues at that rate, all the reserve and much of the new army, even though we cut down what are needed for home defence to the lowest possible figure, will be used up as drafts as soon as they are trained. And even if the rate of wastage does diminish and it proves possible to put a large part of the new army into the field in addition to the present numbers in the firing line, we have to fill the gaps in their ranks. To make that decisive thrust or turning movement necessary to drive the Germans back to the Rhine, we must not only send the new armies to Belgium, but we must have fresh forces coming on behind them to keep them up to strength or to take their place. There can be no doubt of the supreme importance of numbers. Lord Kitchener on November 9 declared that he had no complaint whatever to make about the response to his appeals for men; but, he added, "I shall want more men and still more, until the enemy is crushed." On November 16, Mr Asquith told the House of Commons that, while over 200,000 had then enlisted in the Territorials and over 700,000 in the Regular Army since the outbreak of war, a total of just under a million, he was going to ask the country for another million. And Mr Tennant, the Under-Secretary for War, speaking a few days later, declared that, while the Government hoped that the new million asked for would be sufficient, it was impossible to say whether that would be the case or not.

These are tremendous demands, and even these will not be sufficient if the war is prolonged or the tide swings against us. It is manifest that we may be driven to special measures to meet the strain. The question whether the process of enlistment may not require some closer regulation, both as to distribution and as to pace, is already in many minds. The method of more direct appeal, and the method of compulsion, are variously recommended; and both on

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democratic grounds. It may be useful therefore to advance certain considerations on the subject.

The success of the voluntary system up to the present has been a surprise even to its own most enthusiastic advocates. Within a few weeks of the outbreak of war a peace strength of about six hundred thousand Regulars and Territorials has expanded, without panic and without dislocation of the national life, to a war strength of nearly two million men under arms in the United Kingdom and with the Expeditionary Force at the front. That is an achievement of which the nation may well be proud. But we have to look beyond the present. The hard fact is that the Government has already asked for another million men over and above those already in training, and that even this further million may not be sufficient to bring Prussian militarism to its knees and free our allies from the invader's grasp. We have therefore to consider carefully how to meet this further appeal with the least possible dislocation of our industrial life and the fairest distribution of personal sacrifice. The beliefs and sentiments traditional in peace have no relevance in the supreme emergency of this war. Upon our duty now all parties are agreed. The opponent of militarism in all its forms must lay aside for the time his fear of grafting permanently on his country a system which he abhors; the advocate of universal training must forgo the temptation to take advantage of the war to commit his country to his own ideas. The sole question before us is how to win the war. In point of fact measures adopted as special war measures now are not likely to prejudice the question of the national policy after the war is over. The United States, which had recourse to compulsory recruiting in the crisis of the civil war, reverted to the voluntary system afterwards, and has retained it ever since. And our national military policy after the war will depend mainly on whether or not the arms of the allies are successful in overthrowing the chief exponent of aggressive militarism in Europe.

The problem of recruitment for a great war like the present falls naturally into several divisions. There is first

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of all the question of numbers. The Government have asked for another million, but they have not as yet announced, and possibly they will not be able to announce, how many recruits they want per week.* The numbers required per week will depend upon the supply of arms and equipment and accommodation, and the provision of a nucleus of experienced officers for training purposes. Supplies, which were notoriously short at first, will very shortly overtake the number of recruits. Officers are more difficult to find, but the number of convalescent regular officers unfit for further active service, yet fit to train others at home, is bound to increase. The Government are probably able by now to work out a time-table for some months ahead, in which these various considerations are broadly set down; but the public has no means of informing itself about them. It only knows that in the past the Government's arrangements have fallen badly short of the response of men to the recruiting call. If compulsion is adopted, the War Office can get men as it needs them without publishing the state of its affairs; but the voluntary system demands that it should take the country much more fully into its confidence.

Secondly, there is the question of the dislocation of industry. It is not possible to take away a million and a half men from active work in factories, workshops and the fields, without interfering with production. And to take two millions is certain to interfere more than taking one, and to take a third will have still graver effects. It is essential to keep the national life going. Great Britain has to provide, not only the needs of her own armies and navy, but many of the supplies imperatively needed by her allies. To do these things she must keep her productive efficiency at the highest point consistent with her military and naval efforts. It is necessary, indeed, to strike a balance between the two. This fact, as well as the want of any military training among her elder population, makes it impossible for her to put as high a

* Lord Kitchener stated on November 26 that he was getting "approximately 30,000 recruits a week," and added—"the time will come when we shall want many more."

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proportion of her people in the field as is the case with France or Germany. But it also means that some regulation is needed in the system of recruitment, if it is not to dislocate industry. Armament firms, for instance, cannot spare a hand; railways, merchant marine, and coal mines can only spare a limited proportion; and the woollen industry is obviously more important at the moment than the cotton industry. The voluntary system, left quite unregulated, must cause much serious dislocation, if there is a sudden rush to the recruiting offices as the result of a special appeal or a great disaster.

Thirdly, there is the personal equation. The recruits should come as far as possible from those ages and conditions which are best fitted for the duty. It is quite wrong that young men who are physically fit should stay at home, while elderly men with families and responsibilities, who are experienced enough to feel and understand the call, enlist. Moreover, many an employer or superior is able to use a press-gang of his own, and appeals are made to employers to put pressure on their employees, which naturally and rightly arouse the suspicion and distrust of the working class. Again, an immense proportion of the manhood of the country is in honest doubt. It is not a question, as in peace, of choosing a profession, but of answering the call of duty; and that call is seldom clear. A man has to decide between the claims of his family, his business, and his country, and he has not the knowledge on which to base a true decision. Of all such the main desire is that the Government, the only body in a position to judge, should inform them whether they are wanted or not. It is no question of slackness or want of patriotism. The response to the call for recruits disposes of that charge for good and all, and if it were possible to show every man in the country exactly where his duty lay, we could get not one million but two million recruits at once. The present methods of recruiting, however, the unseemly appeals to patriotism and emotion by means of advertisements and brass bands, do not meet the difficulty; for they do not show the individual where his duty lies, nor do they assure him that he is only called upon

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after the call has been made to those who ought to join the ranks before him. It is only natural that many men should feel that if they are to break up their families or disregard their parents, they must have a clear lead from the Government. They cannot balance the opposing considerations, for they cannot know enough. All such men tend to wait upon events, and they are not to be blamed for taking that course. This, indeed, is much the most serious obstacle in the way of the continued success of the voluntary system. If it could be overcome, and if it were possible for the Government to make clear to each individual what he ought to do to serve his country in this crisis, the question of compulsion would never arise.

Finally, there is a moral aspect to the question. As a nation we are pledged to our allies to help them with our last penny and our last man, in defence of the common cause. The first principle of democracy is that the citizen owes an unlimited obligation to his fellow citizens, and that the State as representing all has the right to call upon every man to give his life and property for its sake, if they are required. This is the principle which underlies the reign of law and the imposition of taxation, and it applies with even greater force to a time of national crisis, when not only the internal order and administration of the country is in question, but its existence and its honour are at stake. The long prepared endeavour of the German people to impose their will on Western Europe and set their system of government above our own is due, before all things, to a firmly rooted belief that we are their inferiors in patriotism and morale. The German challenge will still stand, and the war—whatever its immediate result—will have been fought in vain, if we fail to dispel for ever that widely held idea.

The conclusions which follow from these considerations seem to be these. The most important factor is the joint one of time and numbers. Every motive of prudence and honour impels us to go on expanding our military strength as rapidly as is consistent with efficiency. We must recruit the numbers we require, and we must recruit them in time.

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It is no use raising armies so slowly that they will not be fit for action until Europe is driven by exhaustion to make peace.

On the other hand the greatest single impediment to the continued success of voluntary enlistment is the doubt in the mind of the individual as to whether he personally ought to enlist or not—a doubt which it is practically impossible for him to resolve for himself. The Government may be able to take that responsibility on its own shoulders without going as far as adopting compulsory enlistment for the war. If it cannot find a means of doing that, and if either the numbers fail or men do not come forward in time, then the compulsory method seems inevitable. Whether and when that may become necessary, it is impossible for the layman to judge. The ordinary machinery of inquiry and criticism is suspended, the channels of information and publicity are choked or closed, and all parties rally behind the Government to give unity and strength to its decisions. It is therefore for the time being in the position of a dictator implicitly trusted and implicitly obeyed. It can sometimes not give reasons for its decisions. It has often to act promptly and without giving time for discussion and thought. Upon its foresight and decision everything depends.

The special responsibility that lies upon Ministers is therefore immense, and it cannot be shared. But ordinary citizens are not thereby absolved from thinking out the emergency for themselves. On the contrary, we have all to follow, as best we can, the rapid transformation of familiar issues in the fierce ordeal of war, and to show that as a people we can grasp what the emergency involves. We are fighting, not conscript armies—for they are the strength of both sides,—but the conscript mind. Our Government cannot share its responsibility for pointing the course the nation should take, but its efficiency and success depend of necessity upon the support which the whole country is ready to afford. Germany believes that free democracies have not the imagination or the public spirit to face a supreme emergency and do whatever victory may demand. For our freedom and for our peace, we must prove that they have.

NATIONALISM AND LIBERTY

I. THE TWO SCHOOLS

TWO schools of thought and sentiment dominate the politics of modern Europe—the liberal and the national. They are by no means always united or always opposed. Where a nationality is struggling for its place or even yet unredeemed, they are usually strong in union; but where on the other hand a State is powerful in the world, they are usually opposed in both its internal and its foreign politics. And since it is the powerful States which set the tone of political thinking over Europe as a whole, it is the opposition of the two schools rather than their union which is most apparent at the present time.

In England the opposition has been marked for many years; for it is common among those who lay great emphasis on the one to disparage the other, and larger numbers of the people every year have tended to prefer the liberal hope of international agreement to the national case for strength by land and sea, though nationalism has attracted their sympathies wherever it was weak in material power and oppressed. In Germany, on the other hand, nationalist ambitions have been pressed at the expense of liberal ideas, and the great official system of the German Empire, with its vigorously national basis, has come to regard the liberal movement as its chief internal enemy.

The antagonism supposed to be inherent in the two forces is illustrated by a whole series of antitheses, with which

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great play is made in the fighting literature of both camps. Those who fear the power of nationalism—at least where it is great—point with much reason to the “yellow” press, the leagues and associations for preaching hatred, suspicion and aggrandizement, the manœuvres of “secret” diplomacy, and, above all, the huge expansion of armaments, which are everywhere the material panoply of the leading national systems in the modern world. These things, they say, are poisoning the wells of democratic aspiration towards a world in which all forms of competition, international or otherwise, will be governed by law, and war will have become a nightmare of the past.

On the other side the champions of nationalism have arguments of equal force. They look with particular apprehension to the economic and international aspects of the liberal movement as a denial that great States have any need of structure or strength, any moral purpose, or any distinctive spiritual life. The vertical divisions of Europe into strong national systems have brought high civilizations and cultures to birth. The horizontal divisions aspired to by liberal and international reformers seem to threaten a material eclipse of all these spiritual forces by reducing European life to a selfish individualism or else to a soulless economic struggle between class and class.

The divergent tendencies of the two schools are, of course, most clearly marked in their extremes. The controversy between extravagant apostles on both sides may be reduced to statements and counterstatements something like the following:

The Liberal School. “Nationalism as the animating spirit of great organizations of material power is a denial of human progress, a return to brute force as the highest rule of life.”

The Nationalist School. “Liberalism as the dissolvent of national systems is a denial of the highest cultures so far attained by human effort, a crude return to purely material standards of life.”

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The Liberal School. "Better than the maintenance of nationalism is any kind of peace."

The Nationalist School. "Better than the sacrifice of nationalism is any kind of war."

These antitheses appear to be irreconcilable, and they present humanity with a choice between two equally dark alternatives: either a strife of nation against nation, with all the brutalizing results which Europe is suffering to-day; or else a strife of individualism in many forms against the moral basis of all government, in which the pressure of material ideas would be almost as destructive of spiritual values as open war itself.

Argument of this nature is a standing feature of British political life. Though in our domestic conditions it is the moderates on both sides rather than the extremists who carry weight, the controversy between the two schools is incessant and takes new forms with every fresh departure in British or Imperial politics. Nationalism tends usually to be most strongly associated with the conservative creed, which looks first of all to the structure of the State and seeks to safeguard it both against unbalanced change from within and against pressure or menace from without. Liberalism, on the other hand, is usually best exemplified by the party of that name, which thinks less of what men owe to their country than of what they need from it, and cares little for weakening the State in its desire to spread the sense of individual freedom and power. Liberty needs the keeping of both these schools; for while conservatives in their care for the State are too apt to resist all change, liberals in their passion for freedom are prone to jeopardize that very structure of the State from which all freedom comes. It is needless to illustrate the play of these two forces in English life; enough to recall the terrible crisis to which, from long blindness on both sides, they had brought the country's affairs just before the outbreak of war.

For the time being the war has ended all this. Here is a

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struggle in which all our peoples, or all but a negligible minority, believe it their duty to take part. We are suddenly of one mind, and for all our domestic differences we find that we belong to a single school of thought as compared with the school against which we fight. The German nationalist philosophy, with its aggressive militarism, its contempt of freedom, its indifference to international law, seems to present us with a new and more formidable antithesis. Whatever toll it may take of us in effort, in endurance, in suffering, in life, this is recognized as a struggle in which we must strain every nerve to prevail.

Yet our differences of view have not really been reconciled. Complete as our unanimity is, we have reached it by different roads according to our different political creeds. The old antagonism is only latent, and we shall find it exercising as dangerous an influence as before on British policy and aims, unless we seize this time of open mind to think it clearly out.

The domestic differences of the two schools are at present of no account; they will not be thought of until the war is over, and there is no cause to keep them in mind. But the differences which may affect our European policy, or at any rate weaken the strength behind our European aims, are in very different case; they cannot be considered too carefully or too soon. Are these differences real? Are liberalism and nationalism in fact and of necessity antagonistic forces in the world? The protagonists of each of them denounce a gross materialism in the other camp. Is either justly open to that charge?

And if English differences on these points are unreal, is there any necessary antagonism between the national standpoint of the British Empire and the national standpoint of Germany?

These are questions of great import to the modern world, for they lie at the root of the causes which have plunged it in war. We are not the only people which believes itself to be fighting disinterestedly for a great

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ideal. The Germans believe it no less, and even their calmest and broadest minds refuse to believe it of us. If British statesmanship is to play the part which we trust it may be able to play through the success of our arms at the end of the war, it must be inspired by a public opinion which has really thought out both the issues of the struggle and the hopes which may reasonably be based on it. The following pages are an attempt to face that need.

II. LIBERALISM, NATIONALISM AND DEMOCRACY

LIBERALISM and nationalism—the terms are undeniably vague. Yet their broad significance in the modern world is really independent of all shades and refinements of meaning, and it may be broadly defined.

Liberalism.

Liberalism is in its essence a moral power. It strikes spontaneously at injustice or oppression in any form; it seeks to make individual conscience the free arbiter of all men's lives; authority and discipline are repugnant to it, unless freely undergone; it distrusts all large organization or power, as inimical to free life and thought; it is impatient of economic divisions, as implying some servitude in the less favoured parts; and in its aspiration to redress all inequality in the world it has a passionate faith in the virtue of change.

This spirit of liberalism has moved upon the waters of life since human societies were first formed. It has overthrown tyranny after tyranny—religious tyrannies, political tyrannies, social tyrannies, economic tyrannies—and it marches as firmly still, and will march to the end of time, against all the powers and potentates which rise in turn to challenge the free development of human life and ideas.

In modern politics—which alone concern this study—its

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significance is various, but its main tendency is to appeal from existing States and structures to a universal code of political principle. Liberty is not the patent or prerogative of any one society or any one government. It is in fact the goal of all, though they differ greatly in method, though some for the moment have narrower aims, and though the point at which the progress towards liberty would be destroyed by anarchy is high or low according to the character and degree of each civilization. And liberalism is for ever pressing to that universal goal, regardless often of all other terms in the difficult equation of organized human life. It is the civilizing spirit in a crude and unequal world; an impulse, like charity, which knows no rules. Like charity, too, it is indiscriminate, and the world is often no better for its warmest impulses, when these lack system or overlook hard facts.

This spirit is often one with nationalism. It is, for instance, one half the inspiring force behind communities which are oppressed; and it has been strongly allied with that national movement in the British Dominions which has raised them step by step to the rank of federated self-governing States. But organization is not its natural course; it enters it only under the impulse of nationalism, when the goal of each very clearly coincides. Its natural tendency is the reverse: it is disruptive and international—disruptive in its desire to secure the fullest freedom for all parts of a political whole, and international in its appeal to a universal code. The vertical division of Europe into nations is thus against its sense of right, which seeks to assimilate nation with nation under a single code and to level up the horizontal inequalities of class and class. Its weakness is in method; it may animate all governments—it does in varying degrees—but it cannot take their place.

Nationalism.

Nationalism has made the structures in which alone liberalism has hitherto taken practical shape. It provides

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the pillars of all existing systems of government, the only middle way between tyranny and anarchy which the movement towards liberty has hitherto found. It is also much more, for it is the mould in which all the highest civilizations have hitherto been cast.

The sense of national unity, or the desire for it, is clearly a product of many different factors, such as geographical position, history and race; but none of these factors explains it alone. Geography should by this time, for instance, have united the different peoples of Ireland; yet it has told but slowly against differences of history and race. Geography, on the other hand, would seem to be the strongest possible factor against the survival of a sense of unity in the scattered democracies of the British Empire; but race and history, and some other counter-factors, have made it of no effect. The truth, perhaps, is this—that while geography has played a predominant part in the past (and nowhere more than in the British Isles), it is now a factor of much less account, because the advance of civilization has shaped the European peoples in certain historical moulds and definitely fixed the distinctive sense of race.

In the chief European nations the basis of national sentiment is plain to the eyes. England, France, Russia, Holland and Spain—these are names with a vista of human effort and achievement behind them, continuous, concentrated and inefaceable. Germany, Italy, Belgium, Denmark, Greece—it is needless to complete the list—all these also are names, which, with less continuous life or shorter records as national powers, are equally fixed as forces in the modern world. And behind these again are other national groups, some still divided, some only recently touched to consciousness of their needs, which neither principalities, nor powers, nor armies, nor prisons, nor schools can turn into anything else. In the foremost are enshrined great languages and literatures, which represent a special attitude to life, a special order of ideas. Shakespeare, Molière and Goethe are emanations of the spirit of the nations into which they

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were born; their works are essence of the language and the country, as well as of the age, in which they thought and felt and lived. And institutions with their records and traditions—whether monarchies, or parliaments, or universities, or armies and fleets—have the same distinctive national significance and power. In the great nations the force of these things is obvious; but the same kind of force, more violent often because unsatisfied, animates those lesser nations which have not yet evolved full systems and traditions or have lost them in part.

The age of great race-transformations is past. In Europe the existing race and national sentiments are clear; they may merge themselves in greater communities, but only of their own will. No living nationality can any longer be destroyed by force; and where new nationalities are formed, they will spring only from the free association of existing national communities or else from the merging of many races under new skies, as in Canada, Australia, or the United States.

Nationality without the sanction of sentiment has merely a legal sense. In the eyes of the law every subject of a State is a "national" of that State. By that interpretation a Polish subject of the German Empire is a German "national," and a Greek subject of the Ottoman Empire is a Turkish "national." But in the play of forces here in question this merely legal meaning of nationality has no significance. The only sufficient test is the conscious wish of whole communities demanding union under a government whose character and sanction they accept and approve.

The nature and extent of these forces, which are like currents (often conflicting) in the general stream of European life, are now broadly but clearly defined. The boundaries can never be absolutely exact, because small nationalist minorities are sometimes isolated amid other stocks, or else in places the stocks are shot and intermixed. But the broad boundaries are known, and the forces within them cannot be pent, or transmuted, or destroyed.

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Democracy.

These two great powers, the power of liberalism and the power of nationalism, are then the main elements of the political atmosphere in which Europe now moves. They are like oxygen and nitrogen to all that breathes upon the earth—the oxygen of liberalism a vitalizing and energizing element, seeking always to rise; the nitrogen of nationalism a heavier element which corrects the headiness of liberalism and keeps it to earth. Liberalism is, moreover, a spirit common to all western civilizations, international in its tendency and universal in its appeal; while nationalism is the distinctive soil in which those differing civilizations have grown and flowered.

Liberalism is, however, as old as humanity, and nationalism as an instinct is equally old. Though in its present form it is a comparatively modern growth, its origin goes back to those elementary loyalties which bind families together and wed all human communities to their own plot of earth and vault of sky. What is it, then, which has given both forces so strong an impulse in modern times? All who look back on European history to the immediate origins of the period in which we live have observed a sudden expansion of both forces, which dates from little more than a century ago. All Europe seems from that time to have responded, in its varying peoples, to some new ozone in the air, which transformed both liberalism and nationalism and raised them to a higher power.

The nature of that new force can hardly be questioned. It was the democratic idea. No doubt history in reality makes no sudden starts. Democracy had been kindling as a force beneath the surface for a long period of years; in England and America it had already shown its strength. But in Europe its emergence was, in fact, a sudden event. It transformed European history in the nineteenth century, and its power is both splendidly and terribly apparent in the vast struggle which has involved all Europe to-day.

There is scarcely need to dwell upon the new sources

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of strength with which liberalism has been enriched by the democratic idea. Democracy and liberalism have come to be, in some senses, almost synonymous terms. The social and political equality at which democracy aims are part of liberalism's own faith. As education spreads and communications improve, democracy and liberalism both gain new power. The rising average of intelligence throughout all peoples tends, with some marked exceptions, to make liberty more dear. In some manifestations, moreover, democracy is, like liberalism, an international force. The war against economic injustice transcends in some phases all national boundaries, and makes a link of varying strength between majorities of every race.

Considerations like these are the commonplaces of modern English politics; but we have need to realize that democracy has given nationalism, as well as liberalism, an entirely new kind of power.

The literal meaning of democracy is "power of the people," and it is precisely in that literal sense that democracy gives modern nationalism its overwhelming strength. In the fixing of national boundaries many forces have played a part—dynasties, great statesmen, religious divisions, and wars; but while the influence of these has grown gradually less decisive, the influence of common language and better communication has risen gradually in their place. Common language has become more powerful with the advance of education, the rising average of intelligence, the wider diffusion of books. A much larger proportion of citizens in every western country is now born into the full heritage of the national life and literature, and they see that life and the institutions in which it is expressed mirrored before them in all its phases through the medium of the daily Press. Peoples are in consequence self-conscious as they have never been before. Dynasties and statesmen have still great power, but they depend for strength upon their capacity to keep the sentiment of whole peoples on their side. Thrones which were tottering everywhere in the

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earlier half of the nineteenth century have grown firmer only when a conscious national sentiment has found expression in them. It matters not in this respect whether the government of a country be "popular" in the narrower sense or not. German or Russian nationalism is not the less a power of the whole people because Germany and Russia are autocratic States. National policy in modern European States must have the sentiment of a whole people behind it, if it is to have adequate strength; it must, in other words, have a democratic sanction such as few nations dreamt of a century ago.

The Australian Commonwealth, with its high protective tariff, its unanimity on matters of defence, its passionate regard for its purity of race, is a striking example of the force which democracy can bring to national (and far from liberal) ideas. So in almost equally striking ways is each of the self-governing Dominions; and most remarkable of all is the unanimity with which all these democracies have just responded to the call of an even broader citizenship—the British cause in this war. Democracy is manifestly a mighty power upon the British side; but we must guard ourselves against assuming, on prejudice rather than fact, that democracy is a strength ungiven to our great rival's cause. It is perfectly true that the ideas of government applied in Germany are much less popular than in the British democracies; but it is a delusion to argue from that premise, as many people do, that the sentiment of the German people as a whole is not behind the nationalist ambitions which have led them into war. The splendid efforts which they are making, the passionate unanimity which they have shown, is evidence enough that the whole force of a conscious people has been thrown no less into the years of preparation than into the actual fray. The Germany we are fighting is not merely an army and an Emperor. It is a people, one in mind and soul.

Democracy has, in fact, given a new range and meaning to the competition of civilized peoples—a range and

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meaning which have only now come home to the British peoples in the terrible ordeal of war. The central fact on which the struggle turns is that not merely rulers and governments, but whole peoples, are engaged. The power which democracy has brought into the world has never been so vividly exemplified—except, perhaps, though on a smaller field, in the American Civil War. The change is startling and terrible, but the first sign of it was given first by revolutionary France more than a hundred years ago and then by the Prussia which rose from under Napoleon. A century before that time the wars of religion, which had often been waged with the fervour of a great popular cause, had given way to semi-diplomatic campaigns, conducted by ambitious monarchs like games of chess, in which provinces changed hands according as their owners won or lost the game. With Napoleon's victories nationalism and liberalism—combined with democracy as a new explosive compound, like nitro-glycerine, in the armed ambitions of revolutionary France—first blew to fragments the older systems of Europe and then became an over-mastering force against France herself in the hands of the sleeping peoples whom the shock of her legions had roused.

The full fruits of that new growth are before our eyes to-day. A vain-glorious ruler, an unbalanced constitution, a military caste are not enough to explain what has occurred. It is the very essence of modern political conditions that nothing great can be ventured or accomplished without a people behind. The history of the nineteenth century is the gradual establishment of those conditions in all western States. Some study of it, however brief, is essential to any just appraisal of the forces which have suddenly made havoc of the civilized world.

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III. "EUROPEAN CIVILIZATION" SINCE 1815

IT was just a hundred years ago, in 1815, that Europe emerged from the long storm of the Napoleonic era, which had swept over all her peoples, made havoc of most landmarks not guarded by the sea, and shaken to their foundations the established systems of government. A great oppression had been removed, and the statesmen who met at Vienna in that year, seemed to have an opportunity such as had never arisen before for securing a permanent peace. The air in those high places from which Europe was governed at the time had the freshness of clear weather after rain. More than one of those who swayed the Congress—in particular the Russian Emperor—had visionary hopes regarding the outcome of its deliberations.

"The object of the Conference," one of its historians records, "was no less than the 'reconstruction of the moral order,' 'the regeneration of the political system of Europe,' 'an enduring peace founded on a just distribution of political forces.'" What the Congress in fact achieved was only—in Bismarck's phrase about the peace between Russia and Austria in 1864—"to paper over the cracks." The real political forces of the century were not to be thus restrained; they had torn the patchwork to pieces in fifteen years.

It was, of course, from revolutionary and Napoleonic France that the storm-clouds under which the nineteenth century began had drawn their destructive power. "In the old European system," writes Lord Acton in a famous essay,* "the rights of nationalism were neither recognized by governments nor asserted by the people. The interest of the reigning families, not those of the nations, regulated the frontiers; and the administration was conducted generally without any reference to popular desires."

These ideas had, in fact, been challenged long before the

* *The History of Freedom and other Essays*, p. 273.

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French Revolution by England and Holland; and they were to some extent combated in the Swiss Confederacy. But England, behind its moat of waters, lived a life of its own, from which foreign and dynastic influences were finally expelled by the defeat of the Young Pretender in the Forty-five; and neither the Dutch Republic nor the Swiss Confederacy had had the power to spread, or even to maintain, its ideas of national right and government.

On the other hand, the old dynastic systems had definitely overthrown the structure of a national self-governing State which was beginning to rise in Poland. “The partition of Poland,” writes Lord Acton in language which English opinion has always endorsed, “was an act of wanton violence committed in open defiance not only of popular feeling, but of public law. For the first time in modern history a great State was suppressed, and a whole nation divided among its enemies.” Burke felt the wrong of it keenly, while defending against Fox the alliance of England with Russia against France. “No wise or honest man,” he wrote in 1793,* “can approve of that partition, or can contemplate it without prognosticating great mischief from it to all countries at some future time.” The impulse which brought about the partition came from Frederick the Great. Had the century which followed but made Prussia realize the nature of that wrong, the world might have been spared her second disastrous impulse to set hands on Alsace-Lorraine. Frederick’s vision was, however, no narrower than the general vision of his day. Nationalism was still a dormant power; even where conscious of itself, it lacked all popular sanction and strength; and Burke condemned the partition of Poland, not as a popular wrong, but as a crime against the established order, which was always supreme in his thoughts.

In the midst of this Europe the French Revolution broke into eruption like a volcano, destroying first its own cone and then pouring over the surrounding countries.

* *Observations on the Conduct of the Minority*, Works, vol. v, p. 25.

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Liberalism and nationalism both inspired the new French creed, for the theory that the people was sovereign implied the unity of that people as a self-conscious national whole. But the idea of nationalism which was associated with the revolution presumed a unity of mind and character in the French people which was independent of their history and past conditions. The nation was regarded, not as an historic product, but as a physical fact without spiritual ancestry—like a community of rabbits—and the mind of this community was held to be expressed in the mushroom ideals and fabric of the revolution, which changed from week to week. The nationalism which the revolution produced was, in fact, nationalism without its roots; and it was a natural result that France, in the struggle against Europe, should ignore the force of national tradition elsewhere in her endeavour to stamp all Europe with her own liberal faith. A new heaven and a better earth, annihilating the past—such was to be the gift of France to other nations, borne upon the triumph of French arms.

The glamour of conquest, and the dazzling genius of an Emperor whose eagles carried victory in their wings, for a moment blinded the French people to the nemesis which such ambition could not but rouse. French institutions, administered by French instruments, seemed definitely established in Germany, Italy and Spain. But France herself had woken a new spirit which turned against her arms. The old rulers of Europe were broken or humiliated, but now the peoples themselves rose against the change. A new liberalism was born in the resolve of nations as a whole to order their own affairs; a new nationalism in the revolt of whole peoples against foreign control. These forces were invincible. "The three things," Lord Acton observes,* "which the Empire most openly oppressed—religion, national independence, and political liberty—united in a short-lived league to animate the great uprising by which Napoleon fell." The first of these forces was indeed as old as the world itself;

* *The History of Freedom and Other Essays*, p. 281.

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but the other two had never realized such strength or unanimity before.

It was thus a new world, though not the world of her design, which France had brought into being by 1815; but it was too new for the rulers of the day to understand. The statesmen who met at Vienna to compass “an enduring peace founded on a just distribution of political forces,” failed entirely to grasp what those forces now were. The reconstruction of Europe was accordingly conducted on principles which ascribed a proprietary right in peoples to the dynasties of Austria, Russia, Prussia, Holland and Sweden, though all these dynasties claimed to rule over peoples of diverse tradition and race. At the same time the movement towards popular government was generally ignored. This was the meaning of Talleyrand’s “Legitimism,” the catchword on which the Congress relied. Italy, Hungary, Poland and the other small Slav peoples, Belgium, Norway, Greece—all these were handed over, or left unredeemed, to alien and absolute thrones. Nationalism and liberalism, the two great forces of the new century, were equally outraged and repressed.

It is therefore small wonder that the Concert of Europe—a magniloquent abstraction which dates from the Congress—soon found the task of maintaining the stable peace which it had promised entirely beyond its powers. The peace which the great Napoleonic struggle had brought was mainly for these islands, which turned from conflict abroad to a series of far-reaching industrial and political changes at home, and had only minor wars to think of in distant lands. With continental Europe history took a very different course, and the peace established at Vienna was broken again and again. Revolutions were rife within ten years, and constitutional or national struggles continued to plunge some part of civilization in bloodshed throughout the century at intervals of never more than fifteen years. A very summary catalogue of these disturbances is perhaps the best way of recalling their extent. The forces at work

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are most easily traced, if the catalogue is divided into two parts—the first from 1815 to 1871, when the German Empire was proclaimed at Versailles; the second from 1871, when nationalism received a stimulus of a new kind, to 1914.

Europe from 1815 to 1871.

The first of these periods produced the following catalogue of events:

- 1815. Congress of Vienna. End of Napoleonic Wars.
- 1821-1832. War of Greek independence.
- 1830. Revolution in France.
 - Revolution in Belgium against Holland.
 - Constitutional revolutions in Brunswick, Hesse, Hanover and Saxony.
 - Revolution in the Papal States.
 - Revolution in Poland.
- 1832. Belgian neutrality guaranteed by the Powers.
- 1832-1836. Civil Wars in Spain and Portugal.
- 1846-1848. Rebellions or constitutional revolutions in France, Prussia, Hanover, Northern Italy, Naples, Galicia, Austria, Hungary, Bohemia and Switzerland.
- 1849. Independence of Hungary proclaimed.
- 1849-1850. War in Schleswig-Holstein.
- 1852. Napoleon III declared Emperor of the French.
- 1854-1856. The Crimean War.
- 1859-1860. War of Italian Independence.
- 1861-1865. American Civil War.
- 1862. Creation of Rumania.
- 1862-1863. Rebellion in Poland.
- 1864. War in Schleswig-Holstein.
- 1866. War between Austria and Prussia.
 - Venice ceded to Italy.
- 1870-1871. Franco-Prussian War.
 - Proclamation of the German Empire at Versailles.

A glance at this crude catalogue is enough to show that, though a new era had indeed opened for Europe in 1815, peace and stability were not among its more obvious qualities. It will be seen that the history of the period is a variation on two themes, which sometimes run together and sometimes run apart.

"European Civilization" since 1815

The first is the nationalist theme. Only six years after the Congress Greece begins her long struggle for independence from the Ottoman yoke by the rebellion in the Morea, and ultimately attains it with the consent of Europe and the help of the British and French fleets. Belgium rises only nine years later than Greece against the alien rule of Holland, achieves her freedom (she also with the help of British arms), and is guaranteed a neutral State in 1832 by England, Russia, Prussia and France. In 1830, Poland rises too, and again in 1862; but the forces leagued against her are too powerful, for her people are divided among three absolute sovereigns and she is too remote for effective support from England or France, though both incur some odium (at least in 1860-2) by endeavours to come to her help. In Northern Italy, in Hungary and in Bohemia nationalist passion breaks out in violence from 1846 to 1848. In Bohemia it is for the time suppressed. The independence of Hungary is proclaimed in 1849. Italy has not yet gathered sufficient organization and strength at that time, but she achieves the greater part of her object (with cordial English sympathy and some practical help) in 1860, and in 1866 the cession of Venice by Austria rounds the new Italian Monarchy into an almost complete national State. In 1862 Rumania, too, achieves the status of an independent national State, though a great part of her "nationals" remain under Russian rule in Bessarabia and under Hungarian rule in Transylvania. In 1866 she acclaims the advent of the Hohenzollern sovereign who died only a month ago.

Often identical with this widespread nationalist movement, and often distinct from it, the struggle for popular liberty proceeds with no less pertinacity and force. In 1830, just fifteen years after "the regeneration of the political system of Europe" by the wise men of Vienna, there are constitutional revolutions in France, Brunswick, Hesse, Hanover, Saxony, and the Papal States. From 1832 onwards, civil war rages in Spain and Portugal. In 1848 the rising wave of liberalism rounds its crest and breaks; combined

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with the nationalist movement, it convulses central Europe from end to end. From 1862 to 1866 one of the greatest constitutional struggles in all history is waged in the United States, where liberalism and democracy, differently interpreted in two camps, bring civil bloodshed and rapine upon the country for four long-drawn years.

In one part of Europe only, where every circumstance pointed to the establishment of a free and powerful national government, the liberal movement seemed incapable of realizing the national idea. This was in the German States. The sequel was calamitous, for German nationalism only came to its own on a wave of reaction against liberalism, which has threatened the peace of Europe ever since. The constitutional movement had made headway in several German States, but in Prussia it virtually collapsed, and Prussian autocracy was riveted upon the German Union by Bismarck as with strokes of the hammer of Thor. France, on the other hand, which had fallen back into a strange medley of liberal and Napoleonic ideas with the declaration of the Third Empire in 1852, was schooled anew by the disasters of the Franco-Prussian War and the violence of the Commune, and rehabilitated herself with marvellous recuperative power as a peaceable Republican State.

Europe from 1871 to 1914.

The establishment of a solid union of the German States in place of a loose collection of jealous Courts and Chancelleries, whose intrigues and troubles were a constant menace and temptation to other European Governments, should have facilitated the development of a European consensus firmly wedded to peace. That it failed to do so was due to the aggressive character given to German nationalism by the founders of the Empire. It is true, indeed, that Bismarck, the greatest of them, endeavoured all through his long tenure of office after the great wars to discourage the aggressive spirit latent in large sections of his countrymen, and to disarm potentially hostile Governments abroad. For twenty

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years he succeeded in his task. Yet the peculiar stamp set upon all German institutions by the Prussian dominance was almost certain to prove too strong for statesmen of less genius than him, and this tendency was aggravated by the danger arising from Germany's self-imposed task of holding down and denationalizing an unwilling alien population on both her Eastern and Western frontiers. German Poland was already a danger-point, inherited from the unscrupulous statesmanship of Frederick the Great. Bismarck blindly created just such another menace by the seizure of Alsace-Lorraine.

German policy in these two subject-provinces is illustrated in a subsequent article;* there is no need to discuss it here. The moral of it is, however, all-important to this argument. It is so plain that few words are needed to set it down. In the very act of consolidating their own union and freedom the German peoples set themselves to deny both union and freedom to the alien populations of Posen and Alsace-Lorraine. The absoluteness and finality of this denial is almost unconsciously illustrated in the account of his long stewardship, from 1899 to 1909, published by the late Chancellor, Prince von Bulow.† It was a settled feature of German policy to keep the Poles divided and to turn those under German sovereignty into Germans by refusing them the elementary liberties of their distinctive language and race. The same policy was applied to the subject-province in the West. Alsace, if not Lorraine, might have been won by the grant of liberty; both Alsace and Lorraine would certainly have abandoned their dream of reunion with France for the lesser satisfaction of recognition as a neutral State. Germany conceded nothing to their desires. Her government, in Alsace-Lorraine as in Posen, was conducted in flat opposition to all nationalist and popular sentiment. Her only aim was to Germanize.

The whole history of the nineteenth century from 1815

* See following article.

† *Imperial Germany*, pp. 239-265.

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to 1871 was there to show that no such policy could possibly succeed; but political instinct is as rare in Germany as her other qualities of mind are strong. The oppression of Posen was bad enough in the dynastic cosmogony of Frederick the Great. The oppression of both Posen and Alsace-Lorraine from 1871 was infinitely worse, for it had acquired a democratic instead of a dynastic sanction as part of a great national cause. Nor was the influence of this reaction confined to Germany herself. It was powerful in Russia, where a tragic crime in 1881, the assassination of Tsar Alexander II, set back incalculably the hopes of popular reform. It was powerful in Hungary,* where the Magyar race set itself to maintain a similar domination over their Slav fellow-citizens. It was powerful in Turkey,† where it buttressed oppression again and again at critical moments, and has finally destroyed all the hopes once based on the emergence of the Young Turkish regime. Austria alone has resisted the general tendency, but the aims of her reformers have been steadily neutralized by North German and Hungarian influence, with consequences lamentably apparent in the fate which has all but overwhelmed the Dual Monarchy to-day.

The repercussion of this policy on Europe, and upon Germany herself, is the main feature of European history from 1871 to the present year. Germany has been compelled by the exigencies of her own acts to dread all liberal influence in her neighbours on the West and even more on the East. The inevitable progress of the nationalist movement among the oppressed Slav peoples from Thorn to Salonika has taken for the German race the nature of a menace to the central German power. All the weight of democratic sentiment in Germany, Austria and Hungary has in consequence been thrown against the advance of liberalism and nationalism alike in the provinces and States which ring them round. All the strength of German intellect has been concentrated upon justifying a nationalist creed of an oppressive and

* See following article.

† *Ibid.*

"European Civilization" since 1815

aggressive kind. The rights of other peoples have ceased to be of any concern. France, already afflicted by German arms with one great wrong, has been threatened more and more fiercely with a second and even greater wrong. The lesser States have been sent even more ruthlessly to the wall.

Citizens of the British Dominions and of the American Republic, whose own sense of nationalism is breath to their lungs, will realize how terribly the aggressive character of German, Hungarian and Turkish nationalism has weighed upon the smaller Slav States. It has revived the blind policy of the Congress of Vienna in an even more sinister form, since the old dynastic theory has given place to a cult of oppression with whole peoples at its back. Another crude catalogue of events is the simplest way of showing the cumulative effect of the new departure after 1871.

- 1875-1878. Risings in the Balkans.
The "Bulgarian Atrocities."
- 1878. The Russo-Turkish War.
Treaty of Berlin.
Creation of Bulgaria. Rumania, Serbia, and Montenegro declared independent and sovereign States.
- 1879. Alliance between Germany and Austria.
- 1882. Triple Alliance between Germany, Austria and Italy.
- 1885. Union of the two Bulgarias.
- 1885-1886. War between Bulgaria and Serbia.
- 1889. Entente between France and Russia.
- 1895. Alliance between France and Russia.
- 1896. "Splendid Isolation" of Great Britain. War with France averted.
- 1897. War between Greece and Turkey.
- 1898. War between United States and Spain.
- 1899. Peace Conference at The Hague, on proposal of the Tsar.
- 1899-1902. South African war.
- 1902. Anglo-Japanese Alliance.
- 1904. Anglo-French Agreement.
- 1904-1905. War between Russia and Japan.
- 1905. War threatened between France and Germany.
Algeciras Conference.
Revolution in Russia.
Separation of Norway and Sweden.
- 1907. Anglo-Russian Convention.

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- 1907. Second Hague Conference.
- 1908. Young Turk Revolution at Constantinople.
 - Austria annexes Bosnia-Herzegovina.
 - Bulgaria proclaims her independence.
 - War threatened.
- 1909. German threat to Russia. War averted.
 - Declaration of London.
- 1911. The "Panther" at Agadir.
 - War with difficulty averted.
- 1912. Italy annexes Tripoli.
 - War between Italy and Turkey.
 - First Balkan War.
- 1913. Second Balkan War.
- 1914. General European War.

Like the previous one, this catalogue is full of wars, due mainly to the steady pressure of nationalism towards its own wherever still divided or oppressed. Norway breaks away from Sweden—a final commentary on the work of 1815; and the smaller Balkan peoples continue their steady emergence as independent national States. Still more significant is the formation of an alliance of growing strength between the two central Powers, with Italy as a half-hearted and always timorous partner, Turkey as a willing attendant and tool.

Two other tendencies stand out. In the first place, the pressure of the Central European Alliance produces very soon the Franco-Russian Alliance, and then, as diplomacy becomes more strained, the Anglo-Japanese Alliance, the Anglo-French Agreement, and finally the Anglo-Russian Convention, which rounds the diplomatic group of the Triple Entente.

The other movement comes from liberalism. It is a growing attempt to find grounds of common action between all nations for the maintenance of peace, as the menace of international rivalry becomes more pronounced. The first Hague Conference, summoned by the present Tsar, the Declaration of London, the second Hague Conference, and a growing network of arbitration treaties between liberal

“European Civilization” since 1815

Powers all illustrate the growing desire of civilization for securities against war and for mitigations of its cruelty.

It is strange and discouraging that, despite these efforts, the twentieth century should have opened, like the nineteenth, under a menace of universal war; and still more discouraging that civilization should have failed to ward the menace off. Yet the causes are significantly alike. In 1800 the sudden democratic awakening of France was sending her armies out against the world in order that French liberty and equality should prevail. Nationalism was still but a half-conscious power; the vital force in France at that day was a kind of militant liberalism, with an Emperor at its head and a passionate people behind. It was, in fact, liberalism denying its own faith in the effort to make its faith prevail. In 1900 a militant nationalism was making the same claim. It also had an Emperor at its head and a united people behind. It also was denying its own faith in the effort to make its faith prevail.

In both centuries the struggle is due to an intolerable national claim, but the nature, extent and consequences of the claim are more terrible by far in our own day, because democracy has multiplied a thousandfold the grip and driving power of national aims. The whole world knows what German nationalism demands for itself by virtue of the culture of the German race. The whole world knows what it denies to lesser peoples on the same moral ground. The conflict is of nationalism against nationalism, for it is only the national sentiment and organization of the Allied Powers which has given them the strength to vindicate liberty and the lesser nationalities against German arms.

It might, therefore, seem from the record of the past hundred years that no reconciliation is possible between the international aspirations of liberalism and the pressure of rival nations in still incomplete development. Serbia accepted every proposition in the ultimatum of the German Powers with the single condition that her independence and integrity should be maintained. With that condition

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the Great Powers supporting her expressed themselves ready to be satisfied. War was the only alternative, and a whole armoury of international conventions and agreements had been set up to obviate that last and dreaded arbitrament. Yet Germany pressed on to war, and the whole German people were behind the German Government.

Is then the German belief that rival civilizations must war against each other until one is supreme by force of arms the only sane conclusion from the century which has passed since the Congress of Vienna "reconstructed the moral order" and established "an enduring peace"? The answer from Europe is not encouraging. We must look for one further afield.

IV. THE BRITISH RECORD

THE record of England's two great opponents has been roughly analysed. Its essential features can be recapitulated in two sentences. The French people, having achieved political liberty by sudden and violent means, a hundred and twenty-five years ago, entered the nineteenth century with a fierce determination, made fiercer as the struggle proceeded by the pressure of the world outside, to assert themselves over all other peoples and remodel Europe in accordance with French ideas. The German people, having achieved their unity just eighty years later by equally sudden and violent means, entered the twentieth century with a similar intoxication of mind, persuading themselves more and more, as they also felt the pressure of the world outside, that it was their mission to indoctrinate all civilization by force with their own German ideas. It has been the fate of England to contest both claims, since both must have proved fatal to her own liberties. She was allied with Germany against France, she is now allied with France against Germany; and the latter alliance is by far the firmer

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of the two, because the sentiment of two whole peoples has made it a spontaneous growth. In the culminating struggle of both the nineteenth and twentieth centuries Russia has stood as fast as England or either of her Allies for the European cause.

It is often contended against British policy—the charge is a standing feature in all German criticism—that its real object, well concealed under liberal and humanitarian phrases, is to achieve a domination of its own. So far as Europe is concerned, the charge is demonstrably untrue.

If British Imperial and foreign policy are studied, they reflect in their details, not a consistent theory of conduct, but rather a constant interaction of two strong currents of thought and sentiment. The two impulses are British versions of the forces already seen to have governed the political history of the Continent. One of them, inspired by liberalism, is intensely conscious of the value of local sentiment; its constant desire is to allow every community, however small, to govern itself in accordance with its own ideas. The other school, conservative and national in the broadest sense, is less concerned with local sentiment and more concerned with the power and organization necessary to the existence of the State. Both have a similar ideal of liberty in view; but one looks rather to the individual aspects of liberty, conceiving rightly that the free play of communities, however parochial, is a living force to be husbanded and utilized as the animating spirit of democratic government; the other looks rather to the pressure of interest between the great systems of the world, and realizes keenly that the sacrifice of the larger to the smaller cause may ultimately destroy the liberty of all.

The interaction of these two schools in the domestic affairs of the Empire has produced remarkable results, but in foreign politics they have alternated without much interaction, the liberal school always burning to vindicate the liberty of small States, the conservative reacting from the danger to which a quixotic policy of interference in

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other people's business would expose the British system itself. Belgium, Greece and Italy, for instance, have all to thank British liberalism for solid support. British general elections have been swayed by such outbursts of the same feeling as Mr Gladstone's denunciation of Bulgarian atrocities in the Midlothian campaign. King Bomba of Naples, Abdul Hamid and his unregenerate successors, the Young Turkish Committee of Union and Progress—all such powers and potentates have felt at times the moral weight of British liberal ideas. The name of Gladstone is still revered in many a little foreign State. But conservatism and self-interest have always been strong enough—and fortunately so—to prevent these ebullitions of generous sentiment from taking too extravagant a turn. In the case of Poland even Liberal British statesmen have been content, in the spirit of Dogberry, to call attention to the statutes and then to "take no note" of their infraction. In the case of Turkey liberal sentiment has had an even harder time, for we have always respected the feeling of our Mohammedan subjects, and have also dreaded the entire collapse of the Ottoman Empire as the signal for a European war, which would inevitably afflict us with fresh responsibilities in the Near and Middle East.

Greater considerations, such as these, have indeed always moderated and controlled the looser play of our liberal sentiments. Our main interests are security and peace, and all our political schools have been governed by them, though the conservative emphasis has from the nature of things been laid upon security, the liberal emphasis upon peace. It has been in the name of these paramount interests that we have always sought to vindicate treaty faith. The neutrality of Belgium is a case in point. Our insistence upon it has been neither entirely interested nor entirely disinterested. Our position now is that of a householder who helps to arrest a burglar in his neighbour's house. No doubt that householder is protecting his own as well as his neighbour's spoons, but he has the moral strength of

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knowing that his interests and those of society coincide. Great Britain has sought to maintain a similar relation between her national interest and international law. She has, indeed, at times gone far, as in the laws of capture at sea, to subordinate her individual interest to the general good.

In neither of our two main objects, the maintenance of security and the pursuit of peace, has there been any serious claim to dominance over other Powers. If our liberalism has sometimes tended to be interfering, its bark is much worse than its bite, and our instinct has always recoiled from the show of superior power. Our action is, in fact, well-meaning; it often promotes a just and peaceable solution of international difficulties; but its chief moral is the utter insufficiency of good intentions *per se* for preserving the Empire itself or the world in general from the steady recurrence of the appeal to force.
















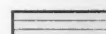
It is greatly more instructive, and greatly more encouraging, to follow the interaction of liberalism and nationalism outside Europe in the great theatre of the British Empire. The two forces are there to be seen throughout the nineteenth century, building up a State in which freedom and national sentiment find ever further expression without disintegrating the structure as a unit of government in relation to foreign Powers or threatening other civilized communities with an aggressive claim to dominance. The British peoples themselves have only realized in the last four months how full of significance their gradual work has been. They find themselves one in aim and sentiment, though leagues of ocean divide them, and though their very freedom has shaped their character and outlook in many different moulds. The world has not yet seen a political achievement so rich in promise for future times. Yet the sense of union between the self-governing British democracies is only one-half of the achievement of the race. Even more full of promise, since it points to the solution of the greatest problem of the modern world, is the spontaneous impulse of loyalty and kinship which has ranged

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the Indian peoples beside their British fellow-subjects in common cause against the enemies of the British State. If our power has hitherto been too weak to keep the peace, this great union of diverse peoples contains an augury which compensates, and more than compensates, for the present havoc in European life.

It is worth while setting a catalogue of the main episodes in British history against the two European catalogues which stand a few pages back. The history is immensely various, but its general tendency is faithfully reflected in a few critical or consummating events.

- 1817-1818. Extensive campaigns and annexations of territory in India.
- 1833. Abolition of Slavery in British Colonies.
- 1837-1838. Rebellions in Upper and Lower Canada.
Lord Durham Governor-General of Canada.
- 1839. Lord Durham's Report.
- 1840. Union of the two Canadas.
- 1847-1854. Lord Elgin, Governor-General of Canada; development of responsible government.
- 1852-1856. Grant of responsible government in New Zealand and Australia.
- 1856. Annexation of Oudh.
- 1857-1859. Indian Mutiny.
- 1858. Government of India transferred to the Crown.
- 1867. Confederation of Canada.
- 1872. Responsible Government in Cape Colony.
- 1881. Battle of Majuba; Sand River Convention.
- 1887. First Colonial Conference.
- 1894. Second Colonial Conference (at Ottawa).
- 1897. Third Colonial Conference.
- 1899-1902. South African War; contingents from all Dominions; Indian troops not used.
- 1900. Creation of Australian Commonwealth.
- 1902. Fourth Colonial Conference.
- 1907. Fifth Colonial (now termed Imperial) Conference.
- 1909. Imperial Defence Conference.
Creation of Australian Navy.
- 1910. Union of South Africa.
- 1911. Sixth Imperial Conference.
Durbar of the King-Emperor at Delhi.
- 1914. European War: united action of all parts of the Empire.

1. Teutonic	{ German Dutch Flemish Scandinavian }	
2. Latin	{ French, Walloons & Spanish Italian Rumanian }	  
3. Slavonic	{ a. Northern Slavs { Russians Poles Ruthenes Czechs & Slovaks b. Southern Slavs { Slovenes Croats & Serbs. Bulgars	      
4. Letts & Lithuanians		
5. Ural-Altaic stock	{ Turks Magyars }	 
6. Greeks		
7. Albanians		

National Boundaries.....

Racial Boundaries.....

The object of this map is merely to present the broad outlines of racial distribution in Central and Eastern Europe. Any attempt to indicate the numerous racial minorities and scattered enclaves in Hungary and the Balkans would necessitate treatment on a far larger scale than the scope of the Round Table permits.

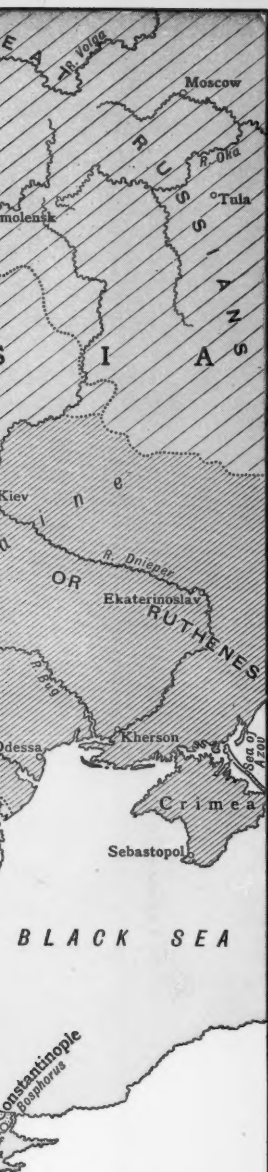
Some of the racial boundaries in the Balkans are of necessity somewhat arbitrary, in view of recent events.

In order to help the reader's eye, the Teutonic districts have been left unshaded, while the Slavonic districts are shaded by sloping lines.









& National Boundaries in CENTRAL EUROPE

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It is not necessary for the present purpose to attempt to trace the stages of this immensely complex development. It will suffice to indicate the main features of the result.

The Self-Governing Dominions.

The record, like its European counterparts upon a previous page, shows both nationalism and liberalism as the main forces at work. In the first half of the nineteenth century this nationalism was English or British in the purely insular sense. It inspired a conservatism throughout the Empire which feared all extensions of self-government in the colonies as leading to ultimate disruption and collapse. On the other hand, liberalism pressed always towards the fullest realization of self-government and looked to ultimate separation as the inevitable goal. The demand for colonial self-government was, of course, most widely made in the colonies themselves, but the conservative instinct was also strongly entrenched amongst them. Had all the conservatism resided in the mother-country, and all the liberalism in the younger communities, the outcome would have been very different; but as both instincts were strong on either side, and often in the minds of the same men, the gradual development of colonial autonomy took the form of a compromise in which local self-government became complete without prejudice to the essential needs of unity in defence and foreign affairs. Care for the latter remained, in fact, the privilege of the mother-country, whilst internal development absorbed the attention of the new democracies.

The compromise looks simple, but its value as a contrast to modern Europe will be apparent from two things.

In the first place, it has overcome the difficulty, which has plunged Europe again and again in fruitless insurrection and war, of reconciling different nationalities to union under a single government. England and Scotland had, in fact, solved this difficulty for themselves, without loss to the national independence and character of either people, at the beginning of the eighteenth century. In that instance, the

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English did not attempt to force their culture on the Scotch. Both peoples remained free to be as nationalist as they pleased. The same problem had to be faced in Canada. Lord Durham found there, in his famous phrase, "two nations warring in the bosom of a single State"; the differences between Lower Canada and Upper Canada were, in fact, emphasized by every circumstance of religion, language, outlook and race. The solution was, however, attempted and achieved. It consisted of two processes. First, the two Canadas were given self-government as a single colony; and then, within that union, each was given complete self-government (with every liberty of language and religion) in its own provincial affairs. Ontario (once Upper Canada) and Quebec (once Lower Canada) are now contented provinces in the great Dominion which bears their common name. Their freedom of language and religion, and their still great difference of race, have not prevented the development of the common Canadian patriotism which gives the Dominion its present vitality and strength.

The case of the South African Union is even more instructive. All through last century the differences of the Dutch and British communities grew slowly to a head. In the circumstances of the country two different sovereignties were in fact impracticable. The economic interests of the two coastal communities under British rule, and the two interior communities under Dutch rule, were so divergent and yet so interdependent that only a single sovereignty could provide fairly for each or even keep the peace. At the same time, a division of sovereignty necessarily meant that a large and discontented section of Dutch in the Cape Colony, and a large and still more discontented section of British in the Transvaal, would remain under alien rule. This feature, indeed, existed also in the Free State and Natal, but in a much less serious form. In the end the conflict of two sovereignties in a country where only one could permanently survive produced the inevitable war. The sequel is too familiar to need description. When once

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the question of sovereignty had been settled for all time in the British sense, the Dutch found themselves enjoying all the liberties of language and religion which they prized, and also a much fuller measure of political liberty than had belonged to them under their own form of government. Within ten years of the war, all four States were united under one free Parliament, the economic problem which had distracted South Africa for half a century was solved, and the government of the country was being ably and loyally conducted by the foremost of the leaders whom the Dutch had followed in the field.

It is to be noted, however, that this particular phase of the nationalist problem existed only in Canada and South Africa; it is not the only form of nationalism with which British statesmanship has been called upon to deal. The union of the different constellations of self-governing colonies into autonomous Dominions has produced a nationalist movement of an even more powerful kind. Canada and Australia are nations by sentiment; they are responding more and more to all those fundamental instincts and impulses by which a living nationality is known; their political life is governed more decisively every day by a vigorous and aspiring Canadian and Australian patriotism. New Zealand and South Africa have not moved so far along the path of national development, but their course is set as definitely upon it as that of the Canadian Dominion or the Australian Commonwealth.

It is perfectly true that this new nationalism within the Empire is creating some very serious difficulties which cannot long be overlooked; but neither the new nationalism nor any of the practical difficulties by which it is faced have yet been able to impair the moral force of that greater citizenship which binds the self-governing British States together as one community towards foreign Powers. German writers, arguing from the German theories of nationalism, have predicted unanimously that the reverse would come to pass. The failure of their predictions proves that

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these British democracies have before them an opportunity of showing that free nationalism, without sacrificing one of its essential rights, may rise to higher conceptions of citizenship than any of which Europe has yet dreamed.

The Indian Empire.

One other feature in the catalogue of British achievements since 1815 is no less significant. The British conquest of India proceeded steadily after that date; it may be said to have ended with the Mutiny of 1857-1859, which followed closely on the annexation of the Punjab in 1849, and of Oudh in 1856. The Government of India was transferred to the Crown in 1858. Since that time, practically two-thirds of India have been directly administered by British officials, and one-third has remained, under British protection and some safeguards against misrule, in the hands of its Indian princes and chiefs. Goldwin Smith, who steadily predicted and advocated the dissolution of the self-governing Empire on liberal grounds, declared in the 'sixties that the Government of India was a moral obligation which England should never repudiate. Liberalism in England since his time has pressed steadily for extensions of the representative principle and other reforms in the Indian administration, but the divergent tendency of liberalism and nationalism regarding other parts of the Empire has never been manifested in any serious form with regard to India. The practical instinct of the race has avoided the follies which M. Brissot imputed to the French government of Belgium at the time of the French Revolution. In our administration of the Indian peoples, we have not—to quote M. Brissot's words—"suppressed, all in a mass, their ancient usages, their abuses, their prejudices, those classes of society which without doubt are contrary to the spirit of liberty, but the utility of whose destruction was not as yet proved to them."* Except where contrary to

* M. Brissot's *Address to His Constituents*, translated in part in the works of Edmund Burke, vol. v, p. 96.

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humanity we have let all these things be, seeking only that a just and disinterested system of administration, with a constant improvement in the conditions of life, should tell gradually upon the mass of popular beliefs and superstitions. Still less have we committed the folly, because enamoured of liberty ourselves, of "attempting all at once to raise to the same eminence men, strangers even to the first elementary principles of liberty, and plunged for fifteen hundred years in ignorance and superstition."* On the contrary, we have contented ourselves with a steady and increasing, if not always wise, provision of education; and with associating an always larger number of educated Indians with the business of government. The lower Indian Services are now manned entirely by Indians, the higher contain a considerable proportion of Indians, and an Indian shares all the *arcana* of Empire as a member of the Viceroy's Executive Council.

The Indian problem is not yet solved. The last two decades have produced a violent anarchistic movement, and India is beginning to feel, by the very peace and unity which England has given her, an awakening sense of nationalism which demands full recognition for the Indian Government amongst the other Governments of the Empire. But while these problems remain, the war has shown that since the Mutiny the uprightness and good intention of British administrators and soldiers—a paltry hundred thousand among three hundred millions—have brought to life in India a spontaneous loyalty to the Government of the King and a most moving sense of the value to India of British rule. The bridge which we have sought to build between East and West is seen to be no mean thing, when Indian soldiers fight eagerly by British soldiers on the fields of France, when British soldiers join with Japanese soldiers in the capture of Tsing-tao, and when Japanese cruisers convoy the Australasian contingents on their voyage to the West.

* M. Brissot's *Address to His Constituents*, translated in part in the works of Edmund Burke, vol. v. p. 97.

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India is only one example, though much the greatest, of the reconciling and civilizing function which the Empire has thus performed. The success of British Government in Egypt, achieved on the Indian model amid peculiar difficulties, is another instance of the same kind. No honest nation could look back over such a field of responsibility without recognizing many human failures of vision and of patience in the records of its work; but whatever our faults of omission and commission have been, it is notwithstanding the fact that the Empire has succeeded in combining the establishment of peace and law with a steady growth of freedom, according to their several capacities, in all its many parts. Out of its undeviating respect for all religions, all languages, all nationalities, all moral and spiritual values, however conflicting, amongst those whom it unites there has suddenly come to light the amazing truth that in its struggle against humiliation and overthrow it carries with it the instinctive loyalty and practically all the trained intelligence of citizens and subjects numbering a quarter of the human race.

V. THE PROBLEM OF A EUROPEAN CONCERT

IS it possible to deduce some moral from the last hundred years' experience which will help us to build better than the statesmen of 1815, when the time comes for renewing their task? It is clear that the strongest influences in modern Europe have given its history, at least since 1871, a colour and direction as different as possible from those of the British Empire during the same time. Does all that history suggest no avenue to reconciliation between the great forces of liberalism and of nationalism which democracy has so powerfully enhanced and which seem, in their highest individual development, to maintain so fatal an antagonism?

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The answer surely is that both extremes have something to learn. Peace cannot be imposed upon the world by any one dominant national Power; for in the name of liberty some nations would always revolt. But neither can peace be attained by a liberalism which seeks to ignore all national ideals and to set up in their place a reconciling international council or concert; for in that event, too, and in the same cause of liberty, some nations would at a crisis refuse to recognize the superior foreign will. The course of wisdom is most assuredly to learn by the failure of 1815 to recognize the forces which exist, and to seek to strengthen those effects of each which make for stability and goodwill.

The Smaller Nations.

The first step at least is plain. It is to secure in the settlement the fullest practicable recognition of the rights of nationalist minorities and small independent States. The maps and articles which follow on later pages illustrate how much this principle was still to seek in central and south-eastern Europe before the war. In the Balkans, in Hungary, in Galicia, in Poland, in Finland, in Posen, in Schleswig, and in Alsace-Lorraine nationalist minorities were being deprived of the elementary liberties of language, education and in some cases religion; they were, in fact, denied all moral and political right. Some little nations, already independent in fact, were threatened with extinction or suffocation by greater Powers. Austria-Hungary had tried persistently to prevent the realization by Serbia of any independent status as a free and sovereign government. Belgium was treated as though her territory should be open at German will to the passage of German hosts. If successful, the claim was bound to sap the independence of all other weak or neutral nations by offering them the equally immoral alternatives of ruin or subservience. The virus of suspicion and hatred which has poisoned the political system of Europe has come almost entirely from the fears or wrongs of these unredeemed, oppressed or threatened

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nationalities. Poland has been a nursery of unrest for more than a century; it was always, for instance, a weight on Bismarck's foreseeing mind. The "Eastern Question," which has bred war and rumours of war continuously for an equal time, is in its nature precisely the same; in one form or another it rises from the upward pressure of nationalities which have been mutilated or buried alive. To some extent, indeed, nationality is still fluid in the Balkan peninsula; but the principle which should govern its treatment is none the less plain.

Nothing can be achieved by pressing for Utopian boundary lines as between all these States; for no divisions can be entirely satisfactory to the national principle unless the liberal statesmen of Europe determine like Alexander to move whole communities to different places on the map. It is probably even too much to hope that all divided nationalities shall be reunited into political wholes. The old national boundaries of Poland, for instance, could not be restored without profound injustice to both the Russian and the German race. Even plebiscites would not solve the question, as some people suppose; they were obviously useless to solve the much less serious problem of Fermanagh and Tyrone. But it is not Utopian to hope that, however circumstances may cause the new settlement to be drawn, it shall not condemn "unredeemed" minorities to loss of elementary rights, or leave any open question as to the meaning of independence in already sovereign States. A new congress cannot impose these ideas upon unwilling nations; the treatment of minorities must remain a domestic question within the several States, and neutral States can never be permanently secured by the sanction of any congress. But a congress could enunciate the principles, and strive to embody them as fully as possible, both in the boundaries which are recast and in the future domestic policy of the victorious governments. And in this way it might do much more for "the reconstruction of the moral order" than by emulating the impossible programme which

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the Congress of Vienna proclaimed for itself in that unhappy phrase.

The war will have been vain, indeed, if all Europe does not realize in the years which follow it that living nationalities are indestructible, and that no language or culture, however great, can be imposed upon unwilling subjects by force.

The Greater Nationalism.

Sooner or later liberalism will triumph in that struggle; but according as its triumph is swift or slow, it will itself be sooner or later mulcted in one of its own historic ideals. The sentiment in favour of small States *per se*, which liberalism has always maintained, is almost as great an obstacle to peace and stability as Prussian nationalism. It is the product of a rooted idea that, if freedom is to be real, "the boundaries of governments should coincide in the main with those of nationalities." The words are John Stuart Mill's; they are illustrated again and again by the writing and speaking of leaders of British and Irish liberalism. But the idea is in fact reactionary; it springs from that distrust of structure which is liberalism's besetting weakness; and it must be condemned by progressive statesmen, as completely as the opposite Prussian vice, if Europe is ever to become an harmonious whole.

If the sentiment had any basis in political fact, then England and Scotland must have sacrificed the full ideal of freedom when they amalgamated their governments two hundred years ago. Ontario and Quebec must have done likewise last century; the British and Dutch in South Africa (under liberal auspices) within the last four years; and even these distressing examples of reaction would pale beside the sacrifice of liberty which made the American Colonies, with their great diversities of race, the United States of America. The sentiment, indeed, will not stand thinking out. It is late in the day to argue that Virginia, the Free State and Quebec would be better in themselves, and stronger buttresses of peace, had they succeeded in

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repudiating the greater nationalism in which their interests are now merged.

With the revulsion against Prussianism all civilized statesmanship agrees; but the point to which it is pressed by the little-nation school identifies true nationalism with the primitive instinct of race. The first and obvious objection to this view is that race can seldom be definitely fixed. If English race demands a separate sovereignty for England, then Yorkshire and East Anglia and Cornwall, and no ethnologist could say how many other subdivisions, should also have sovereignties of their own. But to seek to define the proper limits of sovereignty by these or any ethnological tests is to carry politics back to the tribal age. The patriotism of that age was based upon the physical connection between a man and his clan. It is precisely to the transformation and expansion of that primitive loyalty into a moral and spiritual power that civilization owes its advance. Nationality in its modern significance is something entirely above and beyond the physical factors by which it was originally shaped. It is a tradition, an atmosphere, an environment—in Burke's great phrase, a moral and political country—the history of generations expressed in the life and structure of the State. The loyalty which inspires the many peoples of the Empire to give of their best lives this year for the welfare of the British State is not a loyalty sprung from race; it is a sense of ethical kinship, sprung from the spirit of British institutions and life, in which the King's subjects of all races have their part. To attempt, then, within the Empire to limit sovereignty by race would merely be to reduce a moral and spiritual power to the weak and ineffectual elements out of which the labour and upward striving of centuries have slowly minted it.

Not less reactionary is that side of the little-nation cult which liberalism derives from its suspicion of large structures of government as inimical to liberty. Some little nations there must be, so long as these can find no hope of free development as parts of a larger State; but smallness

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is a disadvantage both to the small nation itself and to all larger neighbour States. The rule of law has as yet no stable basis in human society except within the sovereignty of a single State. The questions which threaten peace are very seldom questions between different parts of one sovereignty, provided always that the liberty of those different parts is not more restricted than is essential for the stability of the whole. The moral sanctions which protect society extend their effective scope only with the extension of the State. The progress of law is the progress of the State, and liberty depends on law. The larger the State, the more communities it embraces, the greater area it controls, so much the wider is the range of human life which it exempts from the crude rule of force.

Liberalism is constantly weakened and distracted as a civilizing force by a failure to recognize the practical moral of these facts. It seeks to ensure peace by the building-up of a moral international code; but it does not perceive that the larger and fewer the national sovereignties to be governed by that code, the fewer also the points of friction, the simpler the issues, the easier the acceptance and application of common ideas of right. The logical outcome of the small-nation cult would be the subdivision of Europe into a far greater number of sovereign governments. Germany would be resolved into its component kingdoms; England and Scotland would part; the federation of the Balkans—if such a course were ever possible—would be discouraged. In the greater area of the world, too, the nations of the British Empire would become independent sovereign States; India and the Dependencies would be cast off; the Union for which Washington and Lincoln lived and died would relapse into some new congeries of Eastern and Western and Southern Powers; Ontario would part company from Quebec. No liberal mind really contemplates this process of disintegration beyond a certain point; but while liberalism has ceased to advocate the dissolution of existing systems of government,

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and does not always oppose the creation of larger units of government, it does still exercise a consistent and positive pressure in favour of the nineteenth-century cult of little States.

The dangerously anti-pacifist effect of this pressure must be clearly realized if the next European congress is to do more for peace than its predecessor in 1815. Legitimism itself was scarcely more retrograde. The two are opposed, but equal vicious, extremes. Free association, if its benefits are realized, may do what forcible amalgamation can never do; and there can be no question that should the various nationalities of South-eastern Europe, of Scandinavia, and even of the Iberian peninsula, prove able to unite their fortunes in such free federations as the British peoples have created with success elsewhere, the peace and stability of Europe would thereby be immeasurably advanced.

The Concert of Europe.

The future of the little nations is of crucial importance in the further question of stable co-operation between the great civilized States. The Concert of Europe was first promulgated as an ideal by the Congress of Vienna, but the vision probably drew much of its colour from the dreams of an Emperor Pacificus, administering a universal code, which inspired the Middle Ages from the days of Charles the Great. It has been the stuff of many statesmen's dreams. Napoleon at St Helena declared that it had always been his aim. His successor in the Third Empire bore it constantly before his eyes. British policy has worked for it consistently for many decades past. It is a foremost feature in that Europe regenerated by German culture which has become so fervent an aspiration in the rulers and people of Germany.

Every liberal mind must dwell upon the vision with increasing hope and desire. Whatever obstacles may stand between the world and it, the goal of civilization must unquestionably lie in the creation of a system

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of law which all peoples will recognize and uphold. For us in the British Empire it is the natural consummation of what we have already done and seek now to preserve: for the establishment of a true Concert, when it comes, must involve two things—the substitution of moral for forcible sanctions as the main support of law, and a world-wide uniformity of ideas as to what the law should be; and these are objects which the British Empire has already gone far to realize for a quarter of the human race.

To judge the prospects of such a Concert it is, however, essential to determine on what the rule of law depends. Law, as is well shown in one of the Oxford pamphlets* on the war, in the last resort depends, not on force, but on respect for law. The difficulty which besets the growth of international law is, in fact, the lack of adequate respect. The progress of Europe towards a stable international code must, therefore, depend, not upon fleets and armies, but on the gradual emergence of such a regard for international right as already supports the rule of law within all European States.

The argument from national to international law is still imperfect, however, unless the full meaning of this moral support is brought out. National law depends in the last resort on the fact that the allegiance of every citizen is unlimited in scope. The law may demand of him his property, his family, his very life. There is no sacrifice which the law, in pursuance of the law, may not exact. Upon this unlimited devotion of its subjects every system of law subsists. The devotion is not contractual; to renounce it is treason, except by the gradual process of becoming subject to another State. Even in that case the allegiance remains as complete; it is merely transferred from one system of law to another one, for there is no civilization without this unlimited obedience to some State.

This unlimited devotion is given only to sovereign governments. A citizen cannot have two States, for every

* *War against War*, by A. D. Lindsay, pp. 13-18.

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State depends in the last resort upon complete allegiance, and an allegiance which is divided between two States must manifestly in both cases be incomplete. When the rule of law loses this sanction amongst any serious portion of its subjects, government becomes impossible, since, failing the moral support of the great mass of its citizens, it wields inadequate force. The failure of law when any large section of citizens withdraw their moral support was very nearly illustrated in Great Britain just before the war broke out. It was exemplified on a very great scale only fifty years ago in the American Civil War.

It is clear that at present the "respect" for international law, or the moral support on which it depends, falls very far short of unlimited allegiance. The breaking-point of national law is the chronic condition of international law, because the final devotion of the citizens of all States is pledged to their own governments. If international law is, therefore, to acquire a sanction such as will set it above all national governments, it must itself become the law of a government which all the European peoples acknowledge as sovereign, and to which they are bound at call to sacrifice their property, their family, their very life. Between complete allegiance and non-allegiance there is no middle course. Law is either the expression of a government owning this sovereign claim, or else it is only an aspiration, foreshadowing a new moral order perhaps, but without the power to assert itself as law against all other claims.

The progress towards a universal code of law must, therefore, take the form of progress towards a universal government; and the essential condition of such progress is the maintenance and expansion of the present structures of government. To break up existing States, or not to forward the free amalgamation of existing sovereignties into larger States, is not to bring nearer the acceptance of a universal code; it is to set it incalculably back. For that reason, if for no other, the twentieth century is bound to

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move away from the nineteenth century cult of little States. As an obstacle to the larger free associations, it is against the political instinct which augurs best for the peace of the world.

If that conclusion is clearly pointed by consideration of the sanction which international law requires, it is pointed no less clearly by consideration of what international law should be. All the statesmen who have pictured a Concert of Europe as a living thing have seen that it implies a prevailing uniformity of European ideas. Napoleon I and Napoleon III both saw it, and pictured a consensus secured by the triumph of French ideas. The Congress of Vienna looked for uniformity in the doctrine of legitimacy. Germany has looked for it in the universal acceptance of German culture as the standard civilization of the world.

Uniformity is, indeed, the essence of the whole idea; but Europe will have suffered the experience of many decades in vain, if any nation is still to dream that consensus can be bred of the dominion of a single Power. Consensus can only be stable if it comes as a free growth, and free growth means the gradual approximation of the different national aims and ideals, not the triumph of one over the rest. The number of existing nations is manifestly the greatest of all obstacles to any such growth. European diplomacy is already sufficiently bewildered by the intricacy of the means by which international questions are discussed. Every Chancellery the more means so many more agents in every capital whose ability and personality may have decisive results; every Chancellery the less means so many fewer of these agents, with a proportionate reduction of the personal factor and a proportionate simplification of diplomatic work. The tendency to groups and associations among Powers is, in part, an instinctive effort on the part of those responsible for policy to introduce some greater clearness, simplicity and directness into their work. The whole tendency of business is the same. Complexity is expensive and dangerous; simplicity and broader regulation is

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the universal goal. International relations will benefit immeasurably by the same process, and therefore by the reduction of the number of sovereign States. A stable Concert can never be attained, indeed, by any other means.

Not less important for the attainment of a Concert is adequate agreement upon the *status quo*; and for that purpose larger organization is equally imperative. In Europe as it now is, the constant instability of the *status quo*, and the consequent stimulus to manœuvring for position in the diplomacy of the greater Powers, are mainly due to the existence of the weaker nationalities and States. It is from these that the ambitions and suspicions of the greater Powers are fed, for the inability of small States to pursue their own lives and legitimate interests without a constant eye to their strong neighbours exposes them inevitably to every kind of influence and intrigue. The prospect of a revolution in Portugal, for instance, may be a matter of vital concern to Spain, or the establishment of some Ruthenian organization in Galicia may raise serious fears in Russia as to the equanimity of her own Ruthenian subjects; and when these questions arise, the greater Powers inevitably suspect some connection between them and their enemies at home or abroad. The *status quo* must always be a somewhat precarious and conjectural abstraction for even the best meaning and least aggressive statesmanship while these intricate sources of danger, suspicion and temptation continue to exist; and no remedy can touch the evil effectively except the gradual formation of larger systems of government, in which the smaller States may merge their interests without loss of freedom or individuality. But once those greater associations are formed, the problem of international intercourse may be approached with a new hope; for not only will the *status quo* have acquired a hitherto unknown stability, but also the difficulty of modifying it in minor ways to meet the changes of time will be immensely decreased.

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This latter consideration is, indeed, of crucial importance to the maintenance of a European Concert worthy of the name. Large systems of government can make concessions with dignity and ease, where smaller States can only make them with humiliation and distrust. Large States, moreover, can balance gain against loss on a scale which to little States is impossible; and—most important of all—they can act without creating the suspicion that their policy towards this Power or that has been inspired by some outside influence which this or that other Power may have cause to dislike. In all these ways the movement towards larger systems of government will steadily clear the atmosphere of diplomacy, as well as simplify its problems and its mechanism. And no movement towards arbitration or other similar expedients can do so much to make a true Concert practicable; for arbitration deals only with the symptoms, while the growth of larger governments will deal with the disease.

There are, therefore, to sum up the argument, two main conditions of progress towards European stability and peace.

On the one hand, all Europe must abandon the doctrine that any nationality has the right to denationalize or extirpate another: in other words, every nationality must have the right to use its own language, develop its own culture, and follow its own domestic way of life. On the other hand, it must be recognized that this interpretation of national right does not, in equity or of necessity, demand expression in a separate sovereign State. Liberty is the child of law, and law has no sufficient sanction except that exercised within its own borders by a sovereign government. Even such a government, moreover, must be strong enough to maintain its right against other governments; and many national States, if sovereignty were delimited by nationality, would never have that strength. It follows, therefore, that the British method of uniting nationalities freely within a larger State, which secures their common

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interests without denying their individual rights, is, in fact, the only sure road of progress towards a European polity in which the rights of nationalities will be securely fixed. English and Scotch in Great Britain, British and French in Canada, British and Dutch in South Africa, are all examples of the manner in which this may be achieved.

Not only liberty, moreover, but also peace, depends upon the growth of sovereignties of this kind. International law is weak at present because it lacks the only effective sanction of all law, a sovereign government. It cannot be imposed upon Europe by the triumph of a single national State; on the contrary, it must depend—until all Europe freely joins to establish a common European Government—upon the willing consensus of the separate sovereign States. Such a consensus must always be unstable in proportion to the number of sovereign States which it has to embrace. The larger the areas of Europe freely united under single sovereignties, the simpler the questions at issue and the mechanism for dealing with them, the easier the settlement of international differences, the surer the progress towards a common European system of international faith and right.

VI. THE PEACE OF THE WORLD

SO far, however, the argument has dealt with European conditions alone; and those conditions, for all their difficulty, are only half the problem which peaceable statesmanship is called upon to solve. The pleas put forward in favour of a European Concert seldom face the fact that Europe is by no means the whole world. Civilized nations and governments are now spread all over the globe; America and Asia, Africa and Australasia, once mere *hinterlands* of diplomacy, may, at any moment, influence an international question as decisively as any part of Europe itself.

Nor are these other nations and governments, with their

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European character, the only peoples concerned. Distances have so shrunk and conditions have so changed, since the Congress of Vienna put civilization to rights, that the new democracies now depend for a vast proportion of their food, their raw material, their markets—for almost half the foundations, in fact, of their normal economic life—on undeveloped territories in all parts of the globe. No system of international co-operation can be worth the paper it is written on, if it ignore this all-important fact. Although the causes of the present war take their origin in European conditions, those conditions can no longer be considered alone. The policy of Germany towards Turkey, for instance, is not to be understood without reference to German ambitions in Asia Minor and throughout the East; and that policy has necessarily coloured her attitude towards the whole problem of the Balkan States. If other examples were needed, they might be taken at random from international history for many decades past.

In this vast field, as in the European field—which is in fact but the centre of an indivisible whole—the progress of the world depends of necessity upon the establishment of far-reaching systems of law. The problem, in other words, is a problem of government; for no lesser sanction can save the backward peoples from the danger of exploitation without law, or Europe from a constant struggle for mastery over the power and wealth which their territories will produce. The struggle between Dutch and French and English in India was merely the prelude to a movement which now extends to every region of the earth, from China to Mexico, from Mexico to Africa, and from Africa on through all the undeveloped East. Upon the maintenance of just and progressive relations between the European Governments and these far scattered regions, with their different levels of civilization and infinite varieties of race, depend, more than on any other factor, the peace and welfare of humanity.

The British Empire and its Allies have already gone far to meet the problem which these relations raise. The

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German people can see nothing in the employment of Indian and Algerian troops in France, or in the co-operation of Japan with the Western Powers, but the unscrupulous use of "barbarians" to overcome a culture higher than their own. They do not understand that these "barbarians" are part of a great civilized structure, the French and British systems of government, and are fighting, therefore, for something which they have in common with their French and British fellow-citizens—an allegiance which meets the needs of their own lives as well as ours, and gives them a political status no less necessary and beneficent. The German Emperor and his people, with their constant insistence on the culture for which they fight, do not realize that one-half of the world (or less) cannot label the other half "barbarians" and proceed to civilize them forcibly by the sword. The whole record of history is there to show that, on those terms, peace becomes harder, not easier, to maintain, and that in the long run the "barbarians" always win. The greatest of human needs is the attainment of some principle of mutual respect and benefit, not of mutual contempt and extermination, between the older and more backward civilizations and those of the West.

The larger systems of government now allied against the central European Powers are all in different ways examples of a consistent and not unsuccessful effort towards relations of this kind. Great Britain, France and Russia have all built bridges of sympathy and law between some lesser civilization and their own, which their Asiatic and African subjects are as ready as themselves to defend. Not less significant is their close co-operation with an Asiatic ally, Japan. To view this wonderful phenomenon as a failure of civilization is only possible for men who have never yet grasped the essentials of honourable intercourse between races and peoples of different character and origin. The alliance of the German Powers with Turkey, the last and worst example of that incapacity for change which has hitherto lain on all the East like ice, is typical of their views

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and aims. The new East is allied against them, and sees its surest hope, as we see ours, in the overthrow of Germany's present ideals. For the systems of government arrayed against the German Powers—the British, the French, the Russian, and the Japanese—are seeking, not to widen, but to span the gravest fissures in the relations of human-kind; and they are thus the most essential element in any hope of progress towards an effective code of international law.

Much, however, as all four systems may do in this respect for the peace of the world, there is only one of them, the British system, in which every side of the problem of international relations is represented and met. Nationalism is too small a word for the political and moral framework of this worldwide State. There are many nations within it, and it is building up yet greater nations from the varied materials which these have supplied. The scope of nationhood is, however, limited by certain natural laws. If the meaning of the term is not to be entirely transformed, it indicates a fundamental community of instinct, outlook and sentiment to which, in the ordinary play of human life, both geographical and physical limits seem clearly to be set. On the geographical side, for instance, it needs an area not too large for constant intercourse; on the physical side, it demands sufficient similarity of habit and of race for intermarriage and all that it implies. Nationhood in that sense is clearly too narrow a term for the common allegiance of many peoples and races to the British Commonwealth. The American Union is probably the largest possible model of a national State; and even that remarkable achievement is fundamentally impaired by anomalies inherent in the presence of a serious number of citizens of incompatible race. The point up to which the American Union has succeeded, and the point at which it fails, are both of equal significance for defining the limits by which, in the course of nature, nationhood is beset.

These limits are clearly operative at many points within

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the British Commonwealth. Great Britain, Canada, Australia, New Zealand and South Africa are already national States. Nationhood cannot be stretched to embrace such widely separated and diverse communities; their distinctive nationalism is indeed their virtue and their strength. Yet, just as all these nations have been united by common governments out of smaller States—Great Britain from English and Scotch, Canada from British and French—so also are they themselves united as partner-nations in a common government, which makes them one before the world as members of one State. The peoples of the Empire cannot be one nation. Some are nations already in the fullest sense of the term; others will not for centuries attain a rank in civilization deserving even the shadow of that name. But whatever their different rank, they constitute one State, and one State they should remain. For this is the twofold service of the British Empire to the world—to show that free nations, and not only free nations but also backward peoples whose welfare necessarily lies in stronger hands, may be associated together by consent beneath one system of law in joint allegiance to a single commonwealth. A State which serves that double aim is solving within its borders the two problems which most gravely jeopardize the maintenance of peace, and by success within its borders it is simplifying immeasurably the same two problems for all other peoples in the world.

The call to us is therefore clear. Until the peril of this war was actually upon us, we did not realize how strongly we had built. The legal significance of the Empire was vaguely known, but not the unity of spirit and purpose underlying the legal frame. The war has shown that the allegiance uniting us transcends the narrow limits of nationality and race. It is an ethical kinship, sprung of common purpose, common interest, and common ideals; too broad in its range for nationhood, but based upon the same principle of unlimited devotion to a single State. Our Statehood is the essence of our strength and of our work.

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To save this great system now, and to maintain it afterwards, is the most effective contribution which we can make to international progress and the general peace of the world.

No sacrifice, then, can be too great to secure the triumph of our arms; for on the efforts which we now put forth there hangs, not only our success in the conflict itself, but our moral influence among the nations when the conflict is at an end. We are called upon to show that no form of public spirit can outdo our own; for our aim in the war is, not merely to defeat the German Powers, but to prove to them that neither now nor a hundred years hence can their system ever prevail. It is one of the strongest elements in the German belief in their case that our system is too weak in moral purpose and in patriotism to be more than a passing thing. We have to prove them wrong, and only by so proving them can we bring about the fall of that German idea of nationalism and of government which is in spirit the antithesis of our own. The effective impulse to reform in Germany cannot come from without; to suppose it can is to adopt the very German fallacy which we are combating. The impulse must come from within; but no consideration will influence it more than the estimate which German democracy has formed of our national morale. If that estimate be high, Germany and the world in general will move immeasurably faster towards our law-abiding and pacific ideals; if it be low, another generation, too young to remember the horrors of this war, will tread the same path against us and challenge our ideals once more.

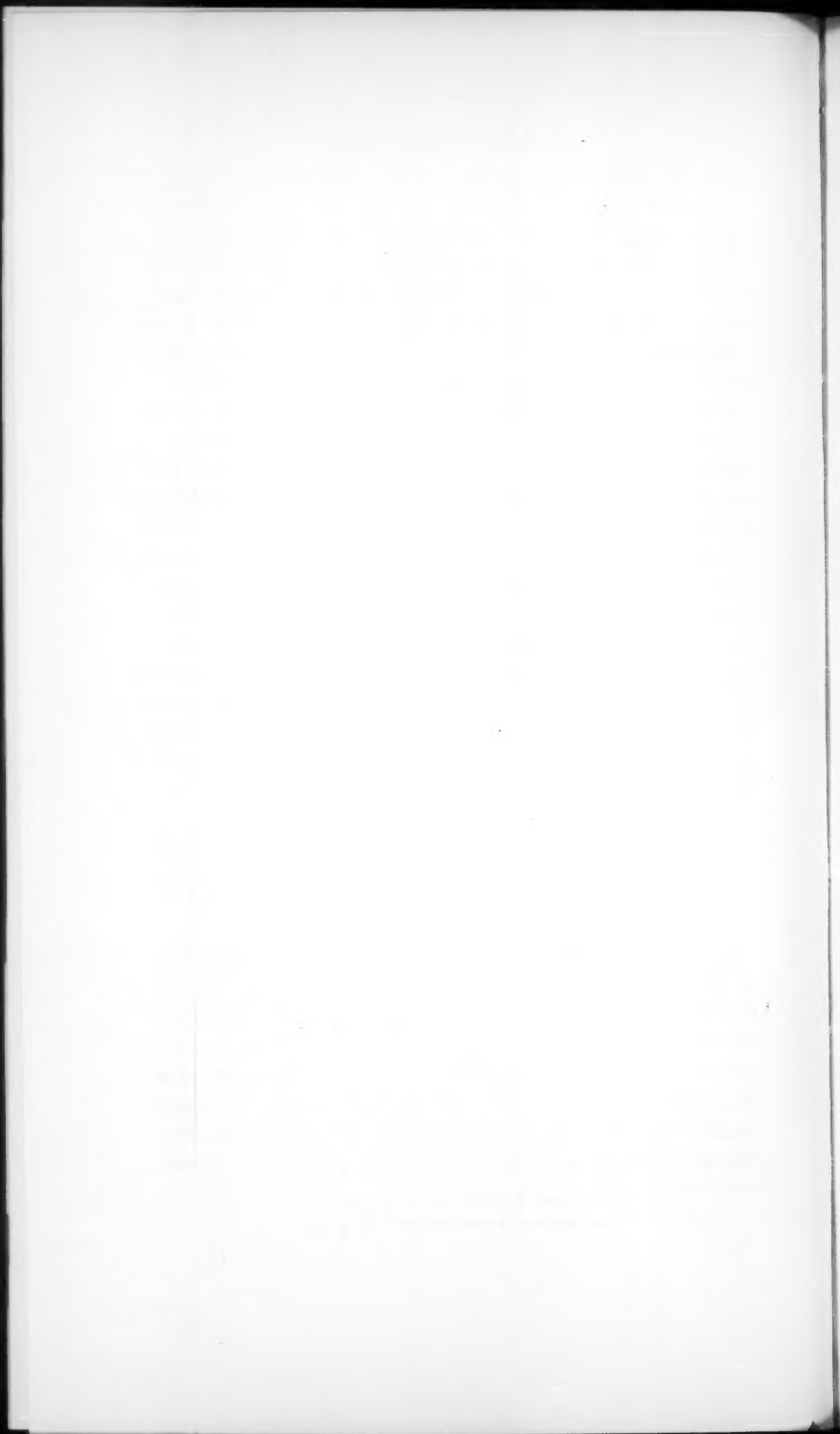
British citizenship is, therefore, on trial before the world. When the new Congress meets to take up afresh the task of 1815, our influence there, and for generations afterwards, will be measured by the service of our peoples to the common cause of the allied arms in this supreme ordeal.

THE DOCTRINE OF ASCENDANCY

THIS great war represents a mighty clearing of ideas, the ranging of Europe into two opposite camps on the vexed subject of nationality. Nor is it a mere accident that Germany, Austria-Hungary and Turkey find themselves on one side, and isolated from the rest of Europe; for the national systems which control their destinies, though differing widely in degree, are linked together by a single principle. Germanization, Magyarization, Turkification—the two latter are merely the comparative and superlative of the first—these three policies have contributed, each in its own way, to the present war. Just as the Young Turk policy of Turkification rendered a war between Turkey and the Balkan States inevitable, so the policy of Magyarization pursued by two generations of Hungarian statesmen sowed the seeds of war between Austria-Hungary and the Southern Slavs and thus lit the flames of a far greater conflagration. So, too, Germany's whole attitude to the minor nationalities of the empire is an essential feature of that *furor teutonicus* which has so ruthlessly destroyed the independence of Belgium, and which has been summed up by one of the very few moderate writers whom recent political controversy has produced among the Magyars, as "the theory that the smaller races and nations have no *raison d'être* and that the German 'Edelvolk' has the mission, gradually to absorb them in its world empire."* It is not necessary to go far for confirmation of such a view. Treitschke in a famous essay,

* Mercator, *Die Nationalitätenfrage und die ungarische Reichsidee*, p. 53.





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after roundly affirming his belief that Belgium and Holland are not European necessities and that the latter will never again make any great contribution to human civilization, closes in a phrase of mingled arrogance and pedantry. "The ancient tree of European culture (*Gesittung*) is strong enough to tolerate, beside the heavy branches of the great civilized nations which support its crown, a few modest twigs which give a rich and pleasing effect to its foliage."* More recently one of the ablest and most popular advocates of German expansion, Paul Rohrbach, is equally emphatic that "in future the small nations will have no course but to attach themselves with a good grace to those centres of culture which most attract them or to which their geographical position assigns them."† When, in answer to such ideas, our statesmen proclaim their determination to uphold the rights and liberties of small nationalities, the Germans are welcome to regard it as a typical instance of British hypocrisy. But this cannot make us believe less firmly in the political principles upon which the British Empire is founded, and which, so far from suppressing existing nationalities, takes a peculiar pride in bringing fresh nations into being, as free members of a widening commonwealth.

I. ALSACE-LORRAINE

A RECENT German magazine contains an article by a contributor who travelled from a town in central Germany to Strassburg during the days of mobilization. He describes in glowing language the scenes of excitement and enthusiasm at station after station along his route—the cheering, patriotic crowds, the martial ardour, the eager desire to be of service to the soldiers, the proud consciousness of German nationality, overriding parties and creeds,

* *Historische Aufsätze*, vol. II, p. 544.

† *Der deutsche Gedanke in der Welt*, p. 49.

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which, if we may trust the unanimous testimony of German writers, made the early days of August an indelible emotional experience. But suddenly, as though by magic, so the German writer tells us, a change came over the scene. The train passed into a region where the officials and the soldiers were indeed the same, but where the stations were deserted except by the few who had business there. The traveller was nearing the end of his journey. He had crossed the frontier of Baden, forty-four years ago the political and still the spiritual frontier of Germany, and entered into the conquered province of Alsace.

The provinces of Alsace and Lorraine, which lie on the French side of this spiritual frontier, have been for centuries the battle ground of their powerful neighbours to the East and West. Ever since, over a thousand years ago, the Empire of Charlemagne broke up into an Eastern and a Western half—the germs of modern Germany and modern France—there has been a debatable land between them. By the Treaty of Verdun in 843 a Middle Kingdom was carved out for Lothar, after whom Lorraine was named, and Holland, Belgium, Luxemburg, Lorraine, Alsace and Switzerland to-day survive to represent, if not the Middle Kingdom of Lothar, at least the necessities which brought it into being and maintained it in varying forms through so many centuries.

The steady aim of French foreign policy for the last 900 years, from the time when France first had kings of her own, has been to ensure France "good frontiers." These frontiers seemed marked out by Nature herself: the sea, the Pyrenees, the Alps and, to the North-East, the Rhine. War after war was waged to attain to them, and the last of the French conquerors, Louis XIV and Napoleon, in their invasions of Belgium and Germany, were only carrying on the deep-rooted tradition of their predecessors.

By the defeat of Napoleon, followed in 1830 by the establishment of the kingdom of Belgium, one part of the French programme was definitely checked. The French-

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speaking inhabitants of the Walloon districts of Belgium have thrown in their lot with their Flemish neighbours, and are not likely to desert them. By the Treaty of Frankfurt in 1871, following on the defeats of 1870, France seemed to have lost Alsace and Lorraine also.

They had been part of the French dominion since between 1648 and 1697 and had passed with the French through the crucible of the Revolution, which made them one in political sentiment with the French people: the Marseillaise was first sung at Strassburg. But, German in race, Alsace had retained her German speech. It is only since 1870, under Prussian rule, that she has discovered once and for all where her spiritual allegiance is due. It will rank among the ironies of history that German military rule should have achieved success where centuries of controversy and conflict had failed: and that the German successor of Louis XIV. and Napoleon should not only have driven Alsace back into the arms of France but should also have knit a closer relationship between France and Belgium than those great conquerors could ever secure.

The provinces of Alsace and Lorraine consist of some 5,605 square miles, with a population of 1,874,000, of whom 1,400,000 are Roman Catholics. With the exception of a small district round the fortress of Metz, which was and is as French as the neighbouring districts of France, the population is predominantly German-speaking. After the annexation of 1871, when 60,000 of the inhabitants left the country,* Alsace-Lorraine was constituted an "Imperial Territory," being governed as an appanage of the Prussian Crown. It remained in this condition till 1911, when it received a constitution, but nothing approaching self-government or responsible institutions, and the dependence of the civil upon the military authorities was strikingly exemplified last year at Zabern (Saverne), when an obsolete provision of the

* Emigration went on continuously during the first generation of the German occupation. The numbers are estimated at a total of 166,000 for the years 1875-95.

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Prussian military code was upheld in the highest quarters against the German civil law.

The difference between the results of German rule in Alsace-Lorraine and British rule in South Africa has often been remarked upon. The Germans have certainly not succeeded in conciliating the inhabitants of the annexed provinces. It is even doubtful whether they have seriously wished to do so. It was to ensure the security of South Germany that the provinces were originally annexed and the new frontiers so heavily fortified; but the continuance of the "French menace" is a convenience to the military authorities and a reason for the acquiescence of South Germans in the Prussianization of the provinces. Both Bismarck and Bülow have given candid expression to their belief that the question of Alsace-Lorraine is, and is likely to remain, an open sore; and though from 1871 to the present day much has been done, especially through the University of Strassburg, to Germanize the inhabitants and above all, as Bismarck recommended, the women and girls, nothing at all has been done to make allowance for their special gifts and temperament and their natural reluctance to be Germanized. The consequence has been the rise of a steady undercurrent of anti-German feeling, in spite of the commercial prosperity which the German connection has brought the provinces. Instead of dying out with the younger generation, the French tradition has taken root and blossomed afresh, helped in recent years by the revival of the cult of nationalism in France, by the writings of Maurice Barrès, and by the election of a Lorrainer, in the person of M. Poincaré, to the Presidency.

To Barrès and his school the provinces are the "Eastern bastions" of Latin civilization against Teutonic barbarism. The good and the bad side of Germany, its robustness and its sentiment, its pedantry and its grossness, are alike repugnant to him. The German Government has ably seconded him by presenting Germany to the provinces in its most unamiable light. Nothing could be more aggravating

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or in worse taste than the tone of patronizing *hauteur* adopted by official Germany towards France and French aspirations. "The Germans," said Bismarck, for instance, to a Strassburg deputation in 1890, "are good people, but they all have half a bottle of wine too little. They want warming up and setting on fire. But the Frenchman has got this half bottle, and so, give him the least extra drop and it is too much." It is this tone and temper in their German rulers which has set the nerves of the inhabitants permanently on edge and made them realize that, whatever their race, their national affinity is France, and whatever their rulers, their capital is not Berlin but Paris.

Those who know the provinces are all agreed in asserting that the underlying feeling of the great majority of the population has, in theory, throughout been in favour of reunion with France, in accordance with the eloquent and moving protest of their spokesman in 1871.* But the impossibility of such a solution without a great war in which their two neighbours would be fighting over their prostrate body had led Alsatian public opinion in recent years to pursue the idea of trying to achieve local autonomy on the lines of Baden and Württemberg. Similar movements of thought were afoot on the French side of the frontier, and M. Sembat, in a much-quoted passage, had declared in favour of abandoning the idea of "revanche" and working for a good understanding with Germany on the basis of the accomplished fact. But all these half measures have been swept away by the war, which they were framed to avert. Both the provinces and the French are looking once more to the re-incorporation of the provinces into the French Republic. Several of the leading politicians in the provinces have already fled to France, and the fact that from the moment the situation became menacing the Germans patrolled the frontier to prevent desertions, speaks for itself. A French victory without the restoration of the annexed provinces is

* For the text of this see Georges Delahache, *Alsace-Lorraine* (Ouvrage Couronné par l'Académie française, 1911), p. 81.

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no more conceivable to the French than a peace which ceded Belgium to Germany is to ourselves. The alternative solution, the neutralization of the provinces without their incorporation into France, would be just as humiliating to Germany and would involve the unhappy provinces in new difficulties by shutting them off from the markets of both their neighbours.

Alsace and Lorraine formed part of France when she first proclaimed the twin principles of democracy and nationality. In the name of those principles France has never ceased to claim them back. "It is an honour that France has a right to claim," says the great French historian, Albert Sorel, at the close of his work on *Europe and the French Revolution*, "to have founded her public law on the principle which gives the only true sanction to conquest, namely that the people alone have the right to dispose of their own destiny and that no change in their national status is legitimate if it is not ratified by their free, direct and universal vote. She will always have a right to hope for the application of that principle, her own principle, to the populations which war, in 1870, violently separated from her own body."*

II. THE PRUSSIAN POLES

THE case of Prussian Poland is very different from that of Alsace-Lorraine. In Alsace-Lorraine the problem is that of a more or less homogeneous region, with a culture and traditions of its own, lying intermediate between two powerful neighbours, towards one or the other of which it must, both for political and economic reasons, eventually incline. Prussian Poland presents in its acutest form the problem, with which we are familiar in Ireland, of two powerful races, utterly different in their outlook, irreconcilable in temper, and embittered by indelible historic

* Sorel, *L'Europe et la Révolution française*, vol. VIII, p. 509.

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memories of conflict, insult and humiliation. The problem of Alsace-Lorraine is a question of assimilation: that of German Poland of ascendancy—ascendancy in its most naked form, to be achieved, if necessary, by the expropriation and expulsion from its ancient home of the inferior by the dominant race. The policy, tried for short periods during the nineteenth century, of “killing” Polish nationalism “by kindness” proved a complete failure in the clumsy hands of Prussian bureaucrats, and the relations between the two nationalities have been growing more and more bitter and irreconcilable during the whole of the last generation.

The Kingdom of Prussia numbers some four million Poles among its subjects. Poles are the predominant element in the population throughout the Province of Posen (except in a few of its western districts), in a strip of Eastern Silesia (northwards of the upper reaches of the Vistula), and in a curved strip of West and East Prussia extending from the Baltic coast west of Danzig (Danzig itself is overwhelmingly German) south-westwards past Graudenz and thence along the Mazurian lakes in East Prussia, the scene of the opening battles of the present war. But these districts do not exhaust the Polish population of Germany. During the last generation (partly owing to the Prussian policy of expropriation) there has been an extensive immigration of Poles throughout the towns of Eastern Germany and a still larger movement to the industrial districts in the West. There are now 200,000 Poles in Westphalia and the Lower Rhine, and in many of the collieries they outnumber their German fellow-workers. There has also, of course, been a considerable emigration to the United States, where it is calculated that there are about three million Poles from Russia, Austria and Germany.

The geographical distribution of the Poles in Eastern Germany is important, because it explains why the Polish question has always been regarded by Prussian statesmen as a matter of life and death for the Prussian monarchy. Polish Prussia lies between the predominantly German

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provinces of East Prussia and Silesia, and commands the communications between the two great centres of Breslau and Königsberg. Moreover, the western frontier of the Polish area comes up uncomfortably close to Berlin. Hence the continued possession of Prussian Poland is as necessary to the Prussian State, from the strategic point of view, as the retention of Alsace-Lorraine was considered necessary in 1871 for the defence of South Germany. "Nobody doubts," said Bismarck in 1894, "that our army would have to be crushed before we gave up Alsace. The same applies, and in still greater measure, to our eastern frontier. We cannot dispense either with Posen or Alsace, with Posen still less than with Alsace. . . . Munich and Stuttgart are not more endangered by a hostile occupation of Strassburg and Alsace than Berlin would be by an enemy in the neighbourhood of the Oder. Therefore it must be assumed that, if ever the question comes to an issue, we shall be determined to sacrifice our last man and the last coin in our pocket to defend the eastern frontier of Germany as it has been for the last eighty years. . . . We lived for centuries without Alsace and Lorraine, but how our existence could shape itself if a new kingdom of Poland were to be formed nobody has yet had the courage to think out. In earlier days Poland was a passive power, but nowadays, supported by other European nations, it would be an active enemy and so long as it had not secured Danzig and Thorn—I do not know what other designs the excitable Polish spirit might indulge in—it would always be the ally of our foes."* The lapse of twenty years has only strengthened the force of these considerations: and we may expect to see fiercer fighting and more bitter controversy over Posen, Thorn and Danzig than over Metz and Strassburg.

Bismarck's policy towards the Poles was therefore dictated mainly by considerations of defence and foreign policy. For the defence of the eastern frontier it was necessary that the Prussian hold on Posen should be consolidated,

* *Reden des Fürsten Bismarck*, II, pp. 465 and 467.

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and for the maintenance of friendly relations with Russia it was necessary that both Powers should continue to pursue an unsympathetic policy towards Polish aspirations. Prussia could not afford to be more liberal than Russia: for if Russia could survive the bestowal of liberty on Poland, Prussia, in Bismarck's view, could not. The milder treatment meted out to the Poles by Austria caused Bismarck little misgiving, for he knew that the reunion of Poland under Austria was not within the region of possibility.

The main difficulty against which Bismarck and his successors have contended in Posen has been that which was expressed, with characteristic Prussian bad taste, by Prince Bülow when he declared that the Poles bred like rabbits and the Germans like hares. The rapid increase of the Poles has been a perpetual trouble. It was in order to meet this that Bismarck, in 1885, by a ministerial decree, ordered the expulsion from the province of Posen of all Poles who were not actually Prussian subjects. By this measure some 40,000 men, women and children were uprooted from their homes and sent across the border without hope of return. Great indignation was excited, and the Catholic party in the Reichstag succeeded in passing a resolution against it through that body. Bismarck replied by a speech in the Prussian Parliament in which he stated bluntly, "we want to be rid of the foreign Poles: our own are quite enough for us," adding that not twenty Reichstag resolutions would cause him to swerve a hairsbreadth from his resolution.

In 1886 a further measure was passed. Bismarck proposed to open operations against "our own Poles" by "colonizing" Polish districts with German settlers. A Royal Commission for the Colonization of the Eastern Marches was created and empowered to purchase Polish estates in Posen and West Prussia and to resell them to approved German settlers. Five million pounds were set apart for the purpose, Bismarck gilding the pill by declaring that fifteen million would not be too much.

This and the subsequent measures in the same direction were framed, as a recent writer remarks, "on principles

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which required the assumption that political economy had been definitely banished to the planet Mars.”* The results have been instructive. Bismarck invited the Polish landlords to sell their estates to the Commission and spend the proceeds in Paris or Monte Carlo. Many of them took the first half of his advice, but spent the purchase-money in buying new estates, dividing them up into small holdings for Polish tenants. The colonization policy, in fact, stirred Poles of all sections and classes, the nobility, the clergy, the growing middle-class, and the peasants, into an energetic defence of their ancestral home, and has done more than anything else to unite and to educate the German Poles in their national interest. The Government, once committed to the path of “colonization,” has sunk deeper and deeper into the slough. When after a few years it was found, as has happened in connection with Back-to-the-Land schemes from the days of the Gracchi onwards,† that the German settlers were re-selling their properties to the Poles, a system of entail was introduced in 1896, by which the Government reserved to itself the right of pre-emption at every change of hands. This secured to the Commission for good all the land for which public money had been expended. But it could not secure the Commission against Polish competition. Soon after the bill of 1886 the Poles themselves formed a Co-operative Land Bank, which had succeeded by 1896 in settling as many Polish colonists as the Government Commission had settled Germans. The movement has been so successful that during the last twenty years a network of Polish co-operative banks has been established all over the eastern provinces and has become one of the most powerful instruments of Polish nationalism, special attention being paid to districts where, for reasons of policy, reinforcement seems desirable.‡

Under Prince Bülow’s regime as Imperial Chancellor the

* Dawson, *The Evolution of Modern Germany*, p. 476.

† The curious reader may care to refer to Ferrero, *The Greatness and Decline of Rome*, vol. 1, pp. 45 and 62.

‡ Ludwig Bernhard, *Die Polenfrage*, Leipzig, 1910, gives an interesting map, showing the distribution of these banks.

The Prussian Poles

Government redoubled its efforts. In 1907 a law was passed forbidding any Pole from erecting buildings on his own land without obtaining permission. This law was aimed expressly at the new Polish settlers. The Poles met it by all sorts of expedients, preferring to live like gipsies rather than lose their hold on the land. Finally, in 1908, Prince Bülow introduced and passed the Expropriation Bill, which armed the Government with compulsory powers for the purchase of Polish estates. The Poles met the situation philosophically, as indeed they might. "The principal effect of the expropriation of the landowners," said one of their leaders at the time, "will be the Polonizing of the towns in the East. The Poles driven from the land will turn themselves to trade and industry." "These laws," said another, "have nearly always been to the advantage of Polonism rather than of Germanism. So it will be with the measure of expropriation. The Poles will, as a result, get plenty of ready money . . . and the money deposited in Polish banks for industrial purposes will bear rich fruit." In fact, the Prussian policy of the last thirty years has achieved two main results. It has taught the Poles political economy and so promoted their prosperity as a community: and it has contributed to the establishment of a peasant proprietary, both German and Polish, in a country of large estates.

But the most conspicuous failure of the Prussian Government has been in the sphere, not of colonization, but of "culture." Bismarck, before all things a Foreign Minister, was not over-troubled with theories about the mission of Germans to spread German culture among the Poles. But both William II and Prince Bülow have repeatedly proclaimed this "civilizing task" towards a "weak and incapable" nation to be the chief object of Prussian policy. "It is a law of life and development in history," writes Prince Bülow, with a sublime disregard of the facts, "that where two national civilizations meet they fight for ascendancy."* In pursuance of this new-fangled theory the

* *Imperial Germany*, p. 246.

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Prussian Government has made steady efforts of recent years to suppress the Polish language, in spite of the fact that, on the acquisition of the provinces by Prussia in 1815 the Poles were promised, in the name of Frederick William III and his successors, the maintenance of the Polish language in administration, in the law courts and in the schools. In 1873 Polish was excluded from the elementary schools, except for the teaching of religion, a measure which did much to excite anti-Prussian feeling among the simple peasantry. In 1883 the exclusion of Polish was extended to secondary schools, and the freedom of religious teaching was also interfered with. Finally, in 1905, religious instruction in Polish was forbidden, and the Poles were forced to pay for having their children taught the Catechism in German. It was this which produced the famous "children's strike" of 1906. Some 40,000 children in the diocese of Posen alone refused to be taught religion in a foreign tongue. The movement spread throughout the Polish districts and affected as many as 100,000 children. The Government ordered the punishment of the young offenders, and many were brutally flogged, while their parents were heavily fined. Finally, by a law passed in 1908, the use of Polish has been forbidden at meetings in all districts where the Poles are less than 60 per cent of the population. Minor vexations are, of course, innumerable. The whole administration of the law is in German: place-names, and even family names, are Germanized by the authorities: and even Polish theatrical performances are only carried on under the greatest difficulties.

The result of all this activity has, of course, been to make the Poles, by nature both a spirited and a stubborn race, obstinately tenacious of their national heritage. The extent to which they have succeeded in retaining their linguistic ascendancy may be judged by an incident that occurred on a visit of the present Imperial Chancellor, then Prussian Minister of the Interior, to one of the new German "colonies." "Well, and how do you like your new home?"

1. Teutonic German
2. Latin { Italian
Rumanian
3. Slavonic { a. Northern Slavs { Poles
Ruthenes (Ukrainians)
Czechs & Slovaks
b. Southern Slavs { Slovenes
Croats & Serbs
4. Ural-Altaic Stock Magyars
- Boundary of Austria-Hungary



Only a very large scale map can give any accurate extraordinary intermingling of races in Austria-Hungary. Our present object is merely to indicate the broad racial distribution and the position of the principal minorities; but many of the smaller groups have been omitted for obvious reasons of space.



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THE RACES OF AUSTRIA-HUNGARY



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Race Problems in Austria-Hungary

he asked one of the colonists. "All right," was the cheery reply, "except that we do not yet sufficiently understand the Poles. But" (reassuringly) "never mind, we shall learn Polish yet!"*

III. RACE PROBLEMS IN AUSTRIA-HUNGARY

IN the Habsburg dominions, officially known to-day as Austria-Hungary, the problem of nationality has always presented a peculiar aspect of its own. Germany, despite its political dismemberment, has been for centuries a racial unit, in the sense that its members have rarely lived under foreign rule, and the crowd of petty States, of which the empire consisted a hundred years ago, were at least German in character, language and traditions. Some of its outlying provinces, it is true, have gradually been lost to it and have developed a separate national identity and culture of their own, until to-day even the Pan-German extremists find it difficult to enforce the argument that Holland, Belgium, and Switzerland are really sections of the German race. But till late in the eighteenth century it is true to say that Germany was a racial unit; it is only since then that the mistaken policy of Prussia has introduced foreign elements, by the Polish Partition and the wars of 1864 and 1870. Austria-Hungary, on the other hand, has always been a polyglot State, built up by the persistent dynastic policy of a single family, on a basis of geography, round the great river system of the Danube, but with an almost complete disregard of ethnographic considerations. The result is a vast mosaic of races, whose future development presents an equally difficult and complicated problem, whether we regard it from a political, a social, an economic or a purely ethnic point of view. These races fall into five main groups—Teutonic (Germans), Slavonic (Czechs, Slovaks, Poles,

* Dawson, *op. cit.* p. 489.

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Ruthenes, Croats, Serbs, Slovenes), Latin (Italians and Rumanians), Ural-Altaic (Magyars), and Semitic (Jews). Thus, leaving aside altogether certain minor groups, there are twelve principal nationalities and ten principal languages, exclusive of dialects,* in Austria-Hungary; and the problem of government, in addition to the linguistic difficulty, is complicated still further by the fact that these races are still in very varying stages of civilization, some of them being as highly developed and as well organized in matters of education or industry as many Western nations, while among others illiteracy and superstition are rampant.

The House of Habsburg, despite many shortcomings, has never altogether lost sight of one definite historic aim—the attempt to create a political nationality which would transcend the national feeling of individual races and unite them in a common patriotism to the State. This ideal, described sometimes as Imperialist, sometimes as Centralist, and in late years as “Great Austrian,” rested on a thoroughly sound instinct and deserved to succeed. Unhappily, the methods employed were often calculated to defeat its object. The history of Austrian policy, both internal and external, for the last two centuries, has been a long series of wasted opportunities, of hesitation between alternatives. The double-headed eagle in the Austrian arms has been typical of this attitude. Just as in foreign policy it stands for the rival tendencies to gravitate westwards into Germany and eastwards into the Balkans, so in home policy it represents the fatal indecision which has led Austrian statesmen to dabble alternately in centripetal and centrifugal tendencies, to foster or to repress individual national movements according to the political constellation of the moment, to play fast and loose with the two conflicting Habsburg mottoes “*Viribus Unitis*” and “*Divide et Impera*.” Never has the tendency to rest content with half measures been so marked as during

* The difference in number is accounted for by the fact that Croat and Serb is one and the same language, and that the language of Jews is German or a debased Yiddish dialect of German, Hebrew being only the language of the Synagogue.

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the long reign of Francis Joseph; and at last, by a hideous chain of circumstances, Austria has got into the position of the famous ass of the mediaeval Schoolmen—the ass which could not make up its mind as to the respective merits of two tempting bundles of hay. The original ass of the parable died of starvation, and Austria is already exposed to the serious danger that her rival policies may both pass into other hands.

There can be no doubt that the international character of the mediaeval Church, the conception of Christendom as a commonwealth, the world outside which was scarcely known to exist, and the use of Latin as the common language of culture, all told against the growth of nationality in the modern sense of the word; and as all three influences lingered in Austria later than elsewhere, the rise of the new force was still scarcely realized by the ruling classes of Austria even as late as the second half of the eighteenth century. The ideal of a strong centralist State, in which the monarch held the position of a benevolent parent towards his people, underlay the whole policy of Maria Theresa.

Her son, Joseph II, tried to adapt this idea to the doctrines of Voltaire and the Encyclopædists. Inspired by eighteenth century theories of "enlightenment" and absolutism, he virtually ignored national feeling altogether. "All provinces of the Monarchy must form a single whole, and in all, the forces of the people must be directed towards a common aim—the power of Austria"—in these words, Joseph summarized his programme of reforms, on his accession; and the foremost instrument towards their achievement was the introduction of German as the universal language of State throughout his dominions.

His clumsy and rigid methods jeopardized all that had been won by the tact of his mother, and roused from their slumbers all the latent forces of nationalism. The chief opposition came from the Magyars, whose nobility was driven into the national movement by Joseph's rash onslaughts upon two of their strictest preserves, Hungarian

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local government and serfdom. The first signs of a national revival, both in Hungary and in Bohemia, were academic, almost pedantic. Strange as it may seem to Western students, the archæologist played a very vital part in these movements, the poet built upon the foundations which he had laid, and finally the politician took up the work of both and popularized the ideas for which they had lived. The linguistic and literary revival among the Magyars rapidly undid the work of Joseph, and prepared the way for a long series of constitutional and linguistic reforms, culminating in the Hungarian upheaval of 1848. The Magyars owed the rapid lead which they established over their neighbours to a more favourable geographical situation and to the political and economic strength of their nobility. The Czechs were delayed by the fact that their national nobility had been almost exterminated during the Thirty Years War, and that its successors were altogether German in feeling.

But it would be a mistake to suppose that the other races were slower than the Magyars to feel the promptings of nationality. The famous *Supplex Libellus Valachorum* presented by the Rumanians of Transylvania to Joseph II, the publication of a Slovak newspaper as early as 1783, the lively opposition of the Croats in 1790 to schemes for introducing the Magyar language, the Serb demand in the same year for the autonomy of the Banat—these instances could be multiplied to show that nationality was stirring everywhere in Hungary. Unhappily, the Magyars, having outdistanced the others, set themselves deliberately to retard their progress and to establish a monopoly.

The Napoleonic wars sowed the seeds of nationalism broadcast over Europe, and left them to germinate slowly in the exhausted soil. At the Congress of Vienna, conservative and reactionary ideas again triumphed. The diplomats did lip-service to the idea of nationality, and made the paper concession of "national institutions" for the Poles. But otherwise the whole settlement was flagrantly anti-national;

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Europe was cut up according to dynastic and personal inclinations, and the history of the hundred years which followed is a succession of violent attempts to upset its unnatural decisions.

In Bohemia, the national movement was at first confined to a tiny group of patriots, of whom one of their number remarked during an informal supper party, that, if the ceiling of the room where they were sitting were to fall in upon them, there would be an end of Czech nationalism! At first the movement was "Bohemian" in the true historical sense, German-Bohemians like Meissner showing equal enthusiasm. The cleavage came in 1848, when Prague became the centre of a Slav Congress, and thus the rival of Frankfurt. Henceforth, the two races in Bohemia fell more and more apart, and their quarrel has done more than anything else to paralyse the political development of Austria in recent years.

Meanwhile in Hungary Magyar nationalism steadily gathered force, under the inspiration of brilliant political leaders and of a remarkable literary revival. Unhappily it was soon captured by a peculiarly violent form of jingoism which bitterly resented the national claims of almost all the neighbouring races, and began to propagate the idea of an exclusively Magyar national State.

The Magyarization of Hungary was openly proclaimed as equivalent to "the victory of reason, liberty and intelligence," and the bare idea that Slovak, German or Rumanian culture could coexist with that of the "ruling nation," (*az uralkodó nemzet*, as it is often called), was scouted as treason to the State.* The violent passions aroused on all sides by this frenzied propaganda were directly responsible for the way in which the revolution of 1848 developed in Hungary into a fierce racial war, ringing the Magyars round by hostile nationalities in arms. Count Széchenyi, known to his own countrymen as "the greatest of the Magyars,"

* See Count Zay's address to the Lutheran General Assembly (1840), *cit. Racial Problems in Hungary*, p. 66.

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roundly accused Louis Kossuth of "goading" the non-Magyars "into madness against the Magyar nation" by his intolerant policy.

In 1848 the Magyars represented the cause of constitutional liberty and progress, but their folly in seeking to restrict its privileges to their own race rallied all their neighbours, the other nationalities of Hungary—Slovaks, Rumanians, Saxons, Croats, Serbs, and Ruthenes alike—on the side of the dynasty, and so, as the issue proved, of political reaction. Strange as it may seem, it is no exaggeration to assert that "the defeat of Kossuth's Magyars, in the eyes of Europe martyrs of liberty, was greeted by their subject races as the end of a detested tyranny."* But, as a witty Magyar remarked, "the other races received as reward what the Magyars received as punishment." Indeed, the system of blended centralism and Germanization applied to the whole Habsburg Monarchy during the period of Bach and Schmerling, was not unfairly summed up by another Magyar politician as "the equal right of all races—to become Germans!" The experiment failed no less decisively than preceding efforts, but on this occasion its failure was very largely due to the interaction of nationality and economics, as accentuated by the emancipation of the peasantry, which from a national point of view entirely changed the face both of Austria and Hungary. "It is through it that the struggle of nationalities has become a war of masses, instead of a duel of privileged persons. The peasants enslaved, oppressed, miserable, did not count as factors in this struggle; but the peasants, liberated, raised in their personal dignity and in their material condition, have been able henceforth to render effective aid to the cause of their nationality. Delivered from the yoke which weighed heavily upon them, they have become capable of enthusiasm for an ideal and of sacrifices in aid of its attainment."†

* Auerbach, *Les Nationalités en Autriche-Hongrie*, p. 239.

† Louis Eisenmann, *Le Compromis Austro-Hongrois*, p. 146.

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The failure of the revolution was followed by ten years of black reaction (1849-1859) and seven years more of continual constitutional experiments. It was the two wars of 1859 and 1866—which by finally expelling Austria both from Italy and from Germany led to the achievement of Italian and German unity—that rendered internal political reform in the Monarchy inevitable, and the Magyars were fortunate in possessing a small group of able statesmen—Deák, Andrassy and Eötvös—who utterly outclassed the third-rate politicians of Vienna, Prague, or Agram, and who enjoyed the favour and confidence of the Court. The Compromise or *Ausgleich* of 1867 marks a new point of departure in the history of the Habsburg Monarchy—Austria-Hungary as it is henceforth officially styled. “The real motive force which underlies the Dual System is a league between the two strongest races, the Germans and the Magyars, who divided the Monarchy between them, and by the grant of autonomy to the two next strongest races, the Poles and the Croats, made them their accomplices in holding down the remaining eight.”*

In effect, Dualism enlisted the support of Austria, and all its resources as a Great Power, in favour of “the idea of the Magyar State” (*a magyar állam eszme*), that “unitary national State” by which every Hungarian statesman for three generations past has aspired to replace the old polyglot State of history.

During the forty-seven years which have elapsed since the *Ausgleich*, there has been a marked difference in the development of Austria and of Hungary, which has been still further accentuated in the new century. In Austria, the German hegemony only lasted for a decade; the German parties, relying partly on the bureaucratic and military traditions, sought to identify that hegemony with the Austrian State itself, but the attempt became hopeless from the moment when the Czechs abandoned their foolish policy of abstention from parliamentary life. The constitution was made,

* *Racial Problems in Hungary*, p. 157.

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and its functions were distributed between the Central Parliament or Reichsrat and the seventeen provincial Diets, which enjoy very varied powers. There was no official language of State, and the very equality which the law secured in theory to every one of the recognized races and languages* served to increase the confusion. The violent racial brawls of which Parliament was the scene undermined its prestige, increased the indifference of the masses to its proceedings, and rendered reform and even ordinary legislation increasingly difficult. Hence a situation of recurring crises, in which bouts of parliamentary obstruction correspond to the rise in temperament of a fever patient. Till the close of the century, racial and linguistic disputes—above all, the perennial struggle of German and Czech for the mastery in Bohemia—paralysed the whole internal policy of the State, which virtually owed its continued existence to the joint efforts of the dynasty and the bureaucracy. "It is because it is only sustained by these two forces that the Cis-leithan State (i.e., Austria), has been reduced in the Dual System to the rôle of a simple appendix of Hungary," wrote M. Eisenmann in 1904 with perfect justice. The system was contrived as a just balance between two equals, but this was completely deranged by the breaches made in the German hegemony in Austria, and with every decade it became more and more clear that the machine would only work when one scale was high in the air. For a whole generation Hungary not merely controlled the whole foreign policy of the Monarchy—notably under the great Andrassy and under Kálnoky and even the indolent Goluchowski—but also directly interfered from time to time with the internal constitutional arrangements of her partner.

This leadership of the Magyars has rested upon a racial monopoly of the most thoroughgoing and oppressive kind,

* Section 19 of the Austrian Constitution runs as follows: "All races of the State enjoy equal rights (*sind gleichberechtigt*) and every race has an inviolable right to assert its nationality and to cultivate its language. The equal rights of all languages of the country (*landesübliche Sprachen*) in school, office and public life, are recognized by the State."

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which has been rendered possible by a concentration of all political, social and agrarian power in the hands of the Magyar nobility and the so-called "gentry" (a word which since its introduction into Hungary has acquired a peculiar indigenous flavour) and by their economic alliance with the Jews. Hungary too, has its "Law of Equal Rights of the Nationalities" (XLIV, 1868), which lays down many admirable linguistic privileges in school, church, law court and administration. But its whole tenour is vitiated by the simple fact that the Magyar language employs one and the same word (*magyar*) for two essentially different conceptions—Hungarian, the wide geographical term embracing the whole State, and Magyar, the narrow racial term, applicable only to one out of the many nationalities of the country. The preamble insists that all citizens of Hungary "form, from a political point of view, one nation, *the indivisible unitary Magyar nation*, of which every citizen is a member, no matter to what nationality he belongs," and it further qualifies all subsequent concessions by a vague reference to "the unity of the country and the practical possibility of government and administration." The law thus deliberately confuses the political and ethnical conceptions of the "nation," and denies from the outset the existence of the non-Magyar nationalities as a political factor. Moreover, it is this section of the law which has always been emphasized in the years that followed, while its many linguistic and racial concessions have almost without exception remained a dead letter. Indeed, most of the leading Magyar statesmen of the last forty years, while declaiming about the liberty enjoyed by the non-Magyar races of Hungary, have almost in the same breath admitted that the Law of Nationalities has not merely not been enforced, but is incapable of fulfilment.

The intolerable nature of Magyar tyranny may be summed up in the following words, written at the height of the coalition regime in Hungary (1906-09).

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Primary and secondary education, instead of resting upon the principle of instruction in the mother tongue, has been for a generation past enlisted in the cause of Magyarization; the State never erects non-Magyar Schools and only grants subsidies to those already existing in order thereby to enforce a stricter control. The local administration is in the hands of a narrow and powerful caste, which by means of an illiberal franchise is able to hold the non-Magyars in a permanent minority, and to exclude them from the control of their local affairs; the officials treat the Nationalities as foreign interlopers, and show little or no consideration for their languages and national customs. A far-reaching system of electoral corruption and gerrymandering, backed by a complicated and unequal franchise, makes it impossible for one-half of the population to gain more than twenty-five seats in Parliament,* and concentrates all political power in the hands of a small clique of influential nobles and ecclesiastics, professional politicians and Jewish financiers. The dependence of the judicature upon the executive renders the non-Magyar leaders liable to continual vexation at the hands of the law; judges, prosecutors and juries are all alike recruited from the ranks of their bitterest enemies, and a hostile verdict is thus only too often a foregone conclusion. The persecution of the non-Magyar Press is carried on with the deliberate purpose of reducing it to a state of bankruptcy or subservience. The absence of any rights of association and assembly place the Nationalities at the mercy of the authorities and renders infinitely more difficult the task of organization; while the petty annoyances and restrictions imposed upon those Slavs and Rumanians who remain loyal to the language and traditions of their ancestors, embitter their lives and aggravate racial differences.†

The Slovak, Rumanian, Serb, German, and Ruthene nationalists have long been political pariahs in Hungary; but persecution has not tamed them. No single incident throws more light upon their stubborn attitude and at the same time upon the intolerable claims put forward by official Hungary, than the notorious "Memorandum Trial" of 1894. Two years before, the Committee of the Rumanian National Party in Hungary had petitioned the Monarch in a Memorandum recounting the many grievances of their race, and when the Hungarian Cabinet barred their access to the throne, had published the memorandum in pamphlet form.

* In 1910 these 25 were reduced by sheer corruption and violence to 8!

† Seton-Watson, *Racial Problems in Hungary*, pp. 392-3.

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This action was treated by the Government as "incitement against the Magyar nationality," and the members of the Committee were tried before a Magyar jury and sentenced to terms of imprisonment amounting to a total of twenty-nine years. Dr Ratziu, the party president, declined to recognize the Court's jurisdiction, and appealed to the public opinion of the civilized world. "We have acted," they declared, "solely as mandatories of the Rumanian people, and an entire people cannot be brought to justice You have yourselves realized that it is not a question of law but merely of force, and the world will learn with astonishment that a court has been found to judge men who were deprived of the possibility of having defenders. . . . By your spirit of mediaeval intolerance, by a racial fanaticism which has not its equal in Europe, you will, if you condemn us, simply succeed in proving to the world that the Magyars are a discordant note in the concert of European nations."* A month after the trial the Hungarian Government eclipsed its previous record by formally dissolving the Rumanian national party as a disloyal institution. Since then the party has been tacitly allowed to revive, but official recognition of its existence has been steadily withheld, and, indeed, when put forward as a claim during the negotiations between Count Tisza and the Rumanian leaders last winter, formed one of the many stumbling blocks in the way of an understanding. The Magyars have remained calmly oblivious of the fact that to deny a nation the two elementary rights of petition and political organization is to challenge it to choose between suicide and revolution.

Enough has been said to show that the development of Austria and Hungary has flowed in exactly opposite directions. While in Hungary the waves of Chauvinism beat higher and higher, Austria has made steady progress towards the ideal of racial toleration. There is still plenty of friction, but even the most backward of her nationalities has come to enjoy a freedom of move-

* See *Racial Problems in Hungary*, p. 473.

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ment and possibilities of culture, which cannot even remotely be compared to the bondage of their neighbours in Hungary. Austrian political institutions have been hampered at every turn by racial quarrels, but despite all the criticism which their barrenness evokes, they have broadened and deepened in recent years. Except in two border provinces—Galicia and Dalmatia, where special conditions prevail—Austria is far freer in 1914 than in 1900. Above all, a whole school of political theory has grown up on the vexed question of racial minorities and their representation, and though opinions differed widely as to the true solution of such problems, there was a growing inclination to make Austria the centre of experiments which, if successful, might have transformed the whole problem of nationalism in Europe, but which have been brutally exploded by the present war. Politically, of course, the difference between the two States is typified by the contrast between Austria's rapid adoption of universal suffrage in 1906, and the desperate and successful efforts of the Magyar oligarchy, at first to prevent, and then worse still, to undermine and falsify its introduction in Hungary.

An Austro-Hungarian bank-note sums up the rival ideals. One side bears an inscription in every language of Austria, on the other the Magyar language is in solitary grandeur. It thus stands for Equality *versus* Hegemony, and at the same time for the rival habit of confessing and of concealing the true facts of the situation. In Austria there is room for Polish, Czech, Rumanian national feeling, though of course within limits which ardent nationalists would fain shake off. In Hungary, in the words of a recent writer, "our nationalities can never substitute any other culture for the Magyar, for a special Serb, Rumanian or Slovak culture does not and cannot exist."* Once more the hapless word "culture," which has become the nightmare of this war! The Magyar conception of the State, then, resolves itself into a monstrous vampire which batten on the rene-

* E. Balogh, *Magyar Culture and the Nationalities*, p. 210 (in Magyar).

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gades of other races. To this the non-Magyar races long opposed the modest claim for equal linguistic rights and the fulfilment of the Law of Nationalities. But they have been driven steadily in a separatist direction, and Magyar tyranny has embroiled not only Hungary but the whole Monarchy with the neighbouring Balkan States. Even before the war, which their evil policy has done so much to evoke, the Magyars had become a liability rather than an asset of the Dual Monarchy.*

The last number of *THE ROUND TABLE* contained a summary of the national movement among the Southern Slavs, uniting in a common sentiment the Croats, Serbs and Slovenes of the Dual Monarchy and the Serbs of the two independent kingdoms, Serbia and Montenegro. This movement and Austria-Hungary's fatal policy of thwarting Southern Slav development, have been the real underlying causes of that Austro-Serbian dispute, upon which the murder of the Archduke acted as the spark in a powder magazine. To-day we are witnessing the baptism of fire of a new nation in the commonwealth of Europe. Gallant Serbia has assumed the same task which Piedmont successfully accomplished over fifty years ago. The same applies to the Rumanian question, which, as the result of the two Balkan wars, had begun to develop on parallel lines with the Southern Slav question. To every patriotic Rumanian on both sides of the frontier the deliverance of Transylvania and the adjacent counties of Hungary from the Magyar yoke, and even the complete realization of Rumanian unity, have long been cherished as the chief hope of the future. To-day the significant speech of the new King to a deputation of Rumanian professors—to the effect that no responsible person in Rumania could be suspected of opposing the realization of national unity—shows the direction in which the wind is blowing. His words are but a faint echo of a phrase used five years ago by one of the most distinguished living Rumanian politicians. "If I thought," he said, "that

* H. W. Steed, *The Habsburg Monarchy*, p. 234.

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Transylvania could ever conceivably become Magyarized, I should give up politics, for it would no longer be worth while for us Rumanians of the kingdom to go on living."

Until the outbreak of war it had always been admissible to hope that Austria would show sufficient energy and statesmanship to solve these two problems in a "Habsburg" sense, though the events of the Balkan wars had reduced this hope to vanishing point and compelled the friends of Austria to revise many of their conclusions. If to-day the dissolution of the Dual Monarchy is being seriously discussed throughout Europe, that is at least partly due to the pessimism which led its own leading statesmen and politicians to reckon openly with such a possibility even a year ago. It is right to point out for the last time that the blame for failure falls far more heavily upon Hungary than upon Austria, and that large sections of opinion in Vienna—including the late Heir Apparent himself—were openly friendly to the Rumanians and favoured very considerable concessions to the Southern Slavs. But their platonic good intentions did little or nothing to redeem a situation which grew monthly more critical. Austria to-day cannot separate herself from the doom of the Magyars. She is being judged, not by the unrealized dreams of the Archduke, or by the tolerant views of her political theorists,* but by the inexorable laws of fate. Her statesmen have had due warning, but have persisted in the old paths. Their false conceptions of nationalism have but strengthened its disintegrating force. So far as Austria-Hungary is concerned, this war is in itself a proof that the policy of racial dominance and forcible assimilation are morally bankrupt; but only the future can show whether those nations which are rising phoenix-like from the funeral pyre of a vanishing era will prove themselves worthy of the great task which history has assigned to them—the reconciliation of the ideal of national unity with that of full liberty for racial minorities.

* See the works of Baron Eötvös, Fischhof, "Rudolf Springer" (Dr Carl Renner), Aurel Popovici and Otto Bauer.

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IV. BALKAN NATIONALITY AND TURKISH OPPRESSION

IN the Balkan Peninsula the problem of nationality has been complicated by religion. During the Middle Ages every Balkan race took its Christianity from Byzantium, and indeed the first great Slav apostles, Cyril and Methodius, came from Macedonia. The Turks in the great days of their dominion were a caste, half feudal, half military, which owed many of its best recruits to the human tribute levied from its subject population. To avoid all danger of assistance for the conquered Christians from the Catholic west, they wisely constituted the Patriarch of Constantinople the intermediary of all their relations with their Orthodox subjects, and thus gave free play for four centuries to the Hellenizing tendencies of the Eastern Church. Such was the foundation of that corrupt Phanariot* regime, which reduced the national and religious life of the peninsula to such utter stagnation and has left its corroding mark upon the politics of every Balkan nation. Under the double influence of the Turkish conqueror and the Greek confessor, nationality long lay dormant, though it should be added that, despite its ignorance and sloth, the Orthodox clergy, wherever it had not been denationalized, did more than any other force to keep the flickering torch from being altogether quenched. The Turkish conquest varied in completeness. In Serbia the entire nobility was literally exterminated, while in Bosnia it accepted Islam in order to save its lands. Among the Serbs and Bulgars a "rayah" who neglected to dismount on meeting one of the conquering race was risking death on the spot; while in Wallachia the Turkish suzerainty was of so loose a character that the building of a mosque in Bucharest was never tolerated.

So long as the Janissary system flourished in full vigour,

* So-called from the Phanar, or lighthouse quarter of Stambul, where the Patriarch resides.

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risings were well nigh impossible; but its decay during the eighteenth century had the double effect of weakening the Turkish military system and of strengthening the Christian population which had hitherto suffered from this constant drain. With the close of the century came the first mutterings of the storm. The long rivalry of Austria and Russia for influence in the Balkans, the French Revolution and the propagation of its doctrines throughout Europe, were the stimulants of the nationalist movement which the new century heralded. Since then Balkan history is an unbroken succession of waves, in which first the Serbs, then the Greeks and Rumanians, and last of all the Bulgarians, shook off the Turkish yoke and laid the foundations of the national States of to-day.

Sympathy is sometimes expressed for the Turk in the long chain of disasters which has gradually robbed him of his former heritage in Europe, and his apologists are fond of extolling the dignity and virtues of the individual Turkish peasant and contrasting them with the unlovely qualities of the enslaved rayah. But no efforts can conceal the supremely negative nature of the Turkish character, its utter incapacity for constructive work, its periodical lapses into ungovernable savagery. Above all else, the Turk has shown himself ignorant of the very elements of the art of government. "For forms of government let fools contest, that which is best administered is best;" and if we apply the poet's test, there is no country where the verdict will be so annihilating as in Turkey. The final and unanswerable condemnation of Turkish rule consists not in recounting the periodic massacres and outbreaks which its discontented subjects have provoked, but in contrasting the material and moral condition of the various provinces before and after the conquest, and still more their condition a generation before and a generation after the expulsion of the Turks. Every province which they have held has become a desert under their blighting influence and has only blossomed again when the blight has been removed. The rose garden replaces the dung-

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hill, and flourishing modern cities the foul and mouldering hamlets of a century ago. Whether it be Hungary, Croatia, Serbia, Greece, Rumania, Bosnia or Bulgaria, the story is invariably the same. The proverb which declares that grass does not grow where the Ottoman hoofs have trod, merely gives poetic expression to a fact which is as indisputable as the law of gravity. The Turk has never understood any principle save that of physical force; by the sword he built up his empire, and by the sword he is losing it.

For a brief period the Young Turkish revolution of 1908 was acclaimed as upsetting all such theories and as inaugurating the dawn of freedom for all the races of Turkey. But it speedily became apparent that the chamber which the Young Turks had so noisily swept and garnished, was to become the haunt of seven devils worse than the first. On the one hand, the lavish phrases of liberty and fraternity which ushered in the new regime, were soon replaced by an open policy of Turkification, which employed all the most approved methods of Magyar corruption and added the practices of organized conspiracy and assassination. On the other hand the revolution threatened the national aspirations of the Slav and Greek populations, since a regeneration of Turkey would have postponed indefinitely the hope of reunion with their kinsmen in the independent Balkan States. Events have forced these facts upon an unwilling public opinion, but what is not yet fully realized is the essentially un-Turkish and un-Moslem character of the Committee of Union and Progress, which has been the soul—the *âme damnée*—of the whole movement. Among its leaders there is hardly a single pure-blooded Turk. Enver, the murderer of his generalissimo, is of Polish origin: Djavid belongs to the curious Salonican sect of the Donmeh: Carasso is a Jew: Talaat is an Islamized Bulgarian gipsy: Achmet Riza, one of the group's temporary figure-heads, is half Circassian and half Magyar, and a positivist of the school of Comte. And it is such a committee which presumes to dictate to the Khalif of Islam, in German interests, a

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Holy War against the leading Mohammedan power in the world!

Despite the inherent defects of the Young Turkish organization, it, however, is only right to admit that the task of introducing real reforms might have proved too great even for much more liberal and enlightened statesmen. The legacy left to them by previous generations, and above all by the long Hamidian despotism, had paralysed all the tendencies that could be described even remotely as "liberal." The abstract ideal of reform on western lines was in itself a noble one, but could not be infused into a State whose very essence was a blend of theocracy and militarism. It will always remain a matter of deep regret that the healthier sections of "Young Turkey" lost their original leadership and thus failed to confer the benefits of a progressive regime upon the many component races of the Ottoman Empire.

Instead of this, the internal policy of the Young Turks only too soon came to rest upon forcible Turkification, emphasized by the removal of its political opponents. The long list of its victims was opened by Shemshi Pasha and a number of "Liberal" journalists and minor politicians, and culminated in Nazim Pasha and Mahmud Shevket Pasha. The names of the Khedive and of Noel and Charles Buxton are on the shorter list of unsuccessful attempts; while certain mysterious incidents connected with the royal murders of Salonica and Sarajevo have opened up hitherto unsuspected vistas of intrigue and crime.

The art of assassination is merely a refinement of political craft. The same methods, employed *en gros* in Macedonia, provoked the Albanian risings of 1911 and 1912 and produced a coalition of the Balkan States against Turkey. In the war that followed Turkish rule was finally expelled from Macedonia—leaving behind it, it is true, an unhappy legacy of hatred between the Christian races. But the old methods had become ingrained in the Turkish system, and since the recovery of Adrianople as a result of the second Balkan war, the Bulgarian element in Northern Thrace has been almost

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literally extirpated, and the success of this policy has encouraged the Committee to pursue scarcely less drastic methods of "elimination" against the Greeks of Thrace and Asia Minor. It must, of course, be admitted that massacre and expropriation are much the most effective means of solving the problem of nationality; and there is every prospect that they will be applied this winter to what is left of the Armenian population of Asia Minor. We can only hope that the Russian offensive will triumph over the enormous physical obstacles of the Caucasian frontier, before the Kurds and Lazes have worked their will upon Armenia.

There is yet another national question which awaits solution at the hands of the Turks, but which can no longer be solved by the sword. The Arab nationalist movement is already a factor of permanent importance, with serious possibilities in the not distant future; and it is by no means improbable that the Arabs—who, unlike the Turks, have in their past history developed a great civilization and shown themselves to be a constructive, not a mere destructive force—may wrest the Khalifate from the hands of a dynasty which they never loved and of a parasitic and alien clique which is in no way representative of Islam. Nor can we afford to ignore the possible effects of such an Arab movement upon the fate of Palestine and the future of the healthy Jewish nationalism which is at length striking root in its original home.

In accepting the rôle of Germany's vassal, Turkey has been hurled to her doom by a tiny camarilla; for the victory of either group in the present struggle is likely to prove fatal to her empire. Germany has long regarded Turkey as one of her most effective instruments against Britain and would fain exploit Islam in a campaign for world-dominion. The folly of such a dream can best be expressed in the words of a well-known German Socialist, written under the impression of Turkey's defeat in 1912. "German world-policy has lost its sense and aim. On the battlefields of Macedonia

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and Thrace German Imperialism was beaten side by side with the Turkish army. If Germany were a democratic country, then her government, which had known so little of the working forces of the Orient, which for the second time had been surprised and befooled by an Oriental upheaval, which had staked so much German money, so much German strength, so much German prestige upon a lost cause, and which had misled the whole policy of the nation for two decades—this government would have been swept away by the wrath of the nation. But in Junker-ridden Great-Prussia the barren incapacity of a diplomacy which is not responsible to the nation is free to pose still further as statesman-like wisdom. The German bourgeoisie has itself renounced the supervision and control of the policy which is intended to serve its interests.”*

Is it mere folly to express the hope that a time will come when the German people will repudiate the arrogant claims put forward by its ruling class and, reverting to the ideals of its greatest poets and thinkers, will realize that nationality and culture are not mere gross material things, to be imposed on others by the violence of the “mailed fist,” but spiritual graces which owe their triumph and their inspiration to the inward vision? The statesmen of Europe will have built in vain, if from the wreckage of this war there does not rise a new and higher conception of the idea of Nationality.

*Otto Bauer, *Der Balkankrieg und die deutsche Weltpolitik*, p. 47.

RUSSIA AND HER IDEALS

Your genius is of the finite, ours of the infinite. You know how to stop yourselves in time, to find a way round walls, or to return; we rush onwards and break our heads. It is difficult to stop us. We do not walk, we run; we do not run, we fly; we do not fly, we fall. You love the middle; we, the extremities. You are sober, we—drunken; you are reasonable, we—lawless. You guard and keep your souls, we always seek to lose ours. You possess, we seek. You are in the last limit of your freedom; we, in the depth of our bondage have almost never ceased to be rebellious, secret, anarchic—and now only the mysterious is clear. For you, politics—knowledge; for us—religion.

DMITRI MEREZHKOVSKI.

THE popular symbol we have selected in this country for Russia is the bear, clumsy, crafty, brutal, stupid. We have learned to think of her as tortuous and unscrupulous in foreign affairs, cynical and merciless at home; in short, as a despotism, stopping at nothing if she desires to wound or over-reach a rival, grinding beneath her heel a vast population of ignorant and oppressed peasants, and only preserving her obsolete institutions against the courageous attacks of a small handful of devoted revolutionaries by means of the knout, the pogrom and the secret police. There is truth in this picture, the truth of a caricature drawn by an inferior artist. It is a picture in which the essence, the soul, has been left out and the accidentals exaggerated. Yet it is accepted without question as an accurate representation of Russia by a very large number of people in England.

There are two reasons for this. In the first place, there hangs a great veil of prejudice between us and Russia. We see her through the eyes of alien and hostile peoples.

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The whole of her western border, from the North Cape to Odessa, is inhabited by non-Russian races. In the North are the Finns, further south the Esths and the Letts, then come the Poles, and finally in the centre and south are the Jews. Each of these nationalities has its own grievance against the Russian Government, which has behaved disgracefully to them all; and three at least have secured powerful support and a general discussion of their wrongs abroad, through the press and other means. Our sympathies, indeed, turn naturally towards the subject peoples of Russia, not merely because they have been badly treated but because we can understand them better than we can the Russians. Finns, Poles, and even Jews, we feel, are Europeans, peoples belonging to our civilization and sharing our point of view; when, on the other hand, the Germans at the beginning of this war dubbed the Russians as barbarians and "semi-Asiatics," there must have been many in England who tacitly echoed these epithets.

And this brings us to the second reason why Russia has been so greatly misunderstood. It is that she is different from ourselves, she is not western, not European; her history, her institutions and her geographical conditions have given her another type of civilization and point her on to new lines of development. But this does not mean that Russia is Asiatic, like Turkey for example, or that she is even what is called a "backward nation." She has learnt much and will learn more from Europe, as one civilization will always learn from another with which it is brought into contact; but Europe also has much to learn from Russia. The truth is, as Mr Wells has recently pointed out, that, "socially and politically, Russia is an entirely unique structure. It is the fashion to talk of Russia as being 'in the fourteenth century,' or 'in the sixteenth century.' As a matter of fact, Russia, like everything else, is in the twentieth century, and it is quite impossible to find in any other age a similar social organization."* The temptation to find

* *The War that will end War*, p. 64.

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analogies is, of course, almost irresistible, and the present writer does not hope wholly to escape it. It is interesting, and to a certain extent illuminating to think of Russia as a mediæval country; but directly we use such a comparison as the basis of moral judgment or political prophecy, we find ourselves on exceedingly dangerous ground. Still more dangerous is it to regard Russia as another eighteenth century France, and to compare the Revolution which failed in 1906 with the Revolution which succeeded in 1789. Lastly, it is both unscientific and unjust to measure everything that happens or exists in Russia by the foot-rule of British parliamentary democracy. Her problems are and have always been totally different from ours, and she has therefore been obliged to devise other means of coping with them. If we want to understand Russia, if we are to be fair to her, we must study her in the light of Russian history and Russian conditions alone. The following article is an attempt to get behind the caricature to reality, to lift, if only for a moment, the veil of prejudice and false analogy from the face of Russia; for it is only by so doing, it is only by looking her straight in the eyes, that we may hope to catch a glimpse of her soul.

I. THE RUSSIAN POLITY

“FROM the very first moment of their entry into the Russian plain from the slopes of the Carpathians, the Eastern Slavs (the original progenitors of the Russian nation as we now know it) . . . found themselves stranded upon a boundless and inhospitable plain, the inhabitants of which had neither civilization nor memorials to bequeath. Debarred from close settlement by the geographical features of the country, the Eastern Slavs were forced for centuries to maintain a nomad life, as well as to engage in ceaseless warfare with their neighbours. It was this peculiar conjunction of circumstances which caused the history of Russia to

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become the history of a country for ever undergoing colonization—a movement continued up to, and given a fresh impetus by, the emancipation of the serfs, and remaining in progress to the present day.”* In these words, one of Russia’s greatest historians admirably condenses the story of his native land. “A boundless and inhospitable plain,” “centuries of nomad life,” “ceaseless warfare,” “a country for ever undergoing colonization,” here are the factors which lie at the root of Russian development, Russian polity, and Russian psychology.

How different are these conditions from those which faced that other great colonizing race—the British. Secure in the coign of vantage of our island fortress, we have been able to elaborate our democratic institutions undisturbed, to lead the world in commercial and industrial progress, and to seize the uttermost parts of the world for our inheritance by our maritime supremacy. Russia has never been secure, and until lately, has always lacked natural frontiers. Even the device adopted by the Chinese, and by the Romans in Britain, the device of building a mighty wall to guard their border from barbarians and to mark the limits of their ambition, was denied her; for walls would have been as little capable of permanent defence on the Russian plain as trenches are upon the flats of Belgium. There was nothing for it but advance or retreat. After centuries of fluctuating fortune, suddenly, towards the end of the fifteenth century, the Russian people began to move steadily forward like an irresistible wave, and the movement has since continued with hardly a check, until now practically the whole plain is submerged. Before we examine the cause of this almost miraculous expansion, let us look a little closer at the problem which Russia had to face.

A physical map of Europe and Asia will illustrate the magnitude of the task at a glance. Taking as a base a somewhat crooked line running up the east coast of the Baltic through the North Cape and then right along the shores

* V. O. Kluchevsky, *History of Russia* (Eng. trans.), vol. 1, p. 2.

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of the Arctic Ocean to the Bering Straits, and as the apex a point somewhere near the Hindu Kush, we get an obtuse-angled triangle which embraces almost the entire plain of the continent. This triangle, comprising an area of eight and a quarter million square miles, or one-sixth of the land surface of the globe, is the Russian Empire of to-day. Russia in fact is *the* Eurasian plain, the hinterland of both Europe and Asia, the whole "interior" of the Old World. The subjugation and colonization of this immense area has been the work of about four and a half centuries; and there is nothing like it in the history of the human race except the growth of the United States of America, the area of which is only three and a half million square miles.*

Moreover, the Russian advance had to face resistance infinitely more severe than that which met the American colonists. Central Asia was the cradle of Turkish, Tartar and other Mongolian tribes who, like bitter winter winds, incessantly swept across the great plain. By meeting these, repulsing them or incorporating them, and by steadily advancing eastwards, Russia has brought to a close the period of the *Völkerwanderung*, she has freed civilization from the scourge which has afflicted her from time immemorial, she has conquered the breeding ground of those "barbarians" who caused the downfall of Rome and have been a constant menace to Europe. To quote another and eloquent passage from Kluchevsky: "Fate set the Russian nation at the Eastern gate of Europe, to guard it from violation by the nomad brigands of Asia, and for centuries the nation spent its force in withstanding the pressure of Asiatic hordes. Some of those hosts it beat back (fertilizing, in doing so, the broad steppes of the Don and the Volga with its bones), while others it admitted, through the peaceful portals of the Christian Church, to the European community. Meanwhile Western Europe, relieved of Mohammedan attacks, turned to the New World

* See Milyoukov, *Russia and its Crisis*, chap. i, for an interesting comparison between the development of Russia and the United States.

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beyond the ocean, where it found a wide and grateful field for the exercise of its mental and physical energies in the exploitation of untouched riches. Even with its face thus directed to the colonial wealth of the far West and its store of cinnamon and cloves, Europe could still rest assured that behind it, in the direction of the Ural-Altai East, no danger was to be apprehended. Consequently Western Europe gave little thought to the fact that in that region there was proceeding a ceaseless struggle, and that, its principal bases on the Dnieper and the Kliazma abandoned, the defending force had removed its headquarters to the banks of the Moskva, where in the sixteenth century there was formed the centre of a state which at length passed from defence to attack, in order that it might save European culture from the onslaughts of the Tartars. Thus Russia acted at once as the vanguard and the rearguard of European civilization. Outpost service, however, is everywhere thankless, and soon forgotten, especially when it has been efficiently carried out. The more alert the guard, the sounder the slumbers of the guarded, and the less disposed the sleepers to value the sacrifices which have been made for their repose."* Could there be a more complete answer to the taunt of "Slavonic barbarism?" It would be difficult to name another nation which has done more for the peace of the world since the dawn of history than the people of Russia.

It is obvious that for her special work of outpost service Russia required a special type of polity. An army must have strict discipline, a staff of officers, and above all a general; Russia has always been an army. Directly a State becomes involved in a war of self-preservation, party politics disappear, and the liberty of the subject is restricted. Russia has from the dawn of history been constantly engaged in a war of self-preservation, and could never afford the luxury of liberal institutions or personal freedom. One of the earliest revelations of the mind of Russia that we possess is the legendary invitation of the Slavonic tribes

* *Russia and its Crisis*, vol. II, p. 231.

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in the ninth century to the Scandinavian Prince Rurik, who is claimed as the remote predecessor of the present Tsar. "Our land is great and fertile," they said, "but there is no order in it; come and rule over us."

The famous words in which Stolypin expressed in 1907 the sentiments of the nation—"Order first, Reform afterwards"—echo the cry of more than a thousand years ago. Order has from first to last been the paramount necessity of the Russian State; but it took some nine hundred years to discover the best, nay the only, way of securing it. A State whose very existence is perpetually at stake, for whom discipline is the primary need, has really no choice but to place itself in the hands of an imperator, a Cæsar, a Tsar. The Slavonic race has made its democratic and republican experiments. There was Novgorod the Great, the burgher-republic, which flourished from the twelfth to the fifteenth century. There was Poland, the feudal republic, the loosest and most anarchic of mediæval States. Neither of these was destined to endure, because neither could cope with the urgent necessities of the situation. After two centuries of subjection to the Tartar yoke, the shame of which has never faded from the national memory, the Russian people made the Grand Duke of Moscow their captain, and have followed him along the road to victory ever since. Autocracy in Russia is a case of the survival of the fittest.

The establishment of autocracy led immediately to the expansion of the Russian State. The great Eurasian plain, it will be noticed, is divided into two basins by the Urals. The city of Moscow is the exact centre of the western basin, it is the point where all roads meet, it is the strategic citadel of the country. It was therefore natural that the Prince of Moscow should become the captain of the advancing host. In the middle of the fifteenth century the circle round Moscow was a small one; since then the circumference has been spreading north, south, west, east, until the tides of expansion washed over into the Siberian basin and the shores of the Pacific were reached. But Moscow is not merely

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the strategic centre of Russia, it is also the religious capital. The Tartar yoke and the incessant warfare against the tribes of Asia had the effect of making patriotism and religion almost identical in the popular mind.

It is no coincidence that the rise of Muscovy to power, at the end of the fifteenth century, synchronizes with the fall of Constantinople. When St Sophia became a Turkish mosque, Moscow became the capital of the Orthodox Church; while Ivan III, who first took the title of Tsar, had married into the Byzantine Imperial family and regarded himself as the heir of the Byzantine tradition and authority. Moscow was the third Rome. "Look here now and listen, O thou pious Tsar," wrote a learned monk of the period to Ivan, "Christian realms have all converged into thine, the only one. Two Romes have fallen; the third stands upright, and there is no fourth to come. Thou art the only Tsar of the Christians in the entire world; thy Christian sway shall never yield to anyone."* Millions of the Tsar's subjects believe much the same thing to-day as did the fifteenth century monk. For the mass of the Russian people autocracy is part of religion itself, which they will only surrender when they surrender Christianity. It is the form of government which they can understand. They can understand God and they can understand the Tsar, His representative upon earth; anything more complex would puzzle them. For it must be remembered that Russia is not a country full of ports and cities and commercial centres, where men develop a plentiful quantity of wit and a plentiful lack of reverence; it is a vast thinly populated plain occupied by agriculturists whose habits of mind are fundamentally the same as those of their forefathers a thousand years ago. There has been expansion, but little other change in Russia, since it began its imperial career. Thus Tsardom is more than autocracy, it is theocracy. As both it is intensely representative of the national mind and character.

* Milyoukov, *op. cit.*, p. 75.

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The limitations of autocracy are the limitations of human personality. There have been some remarkable men and women on the throne of Russia, and her annals can show more rulers of genius than those of any other European country except, perhaps, Sweden. But even a man of superhuman energy like Peter the Great could not carry on the work of the State unaided; and as the State expanded, the question of the instruments of government grew more and more urgent. The old feudal nobility, known as the *boyars*, proved worse than useless in this respect and continued to give trouble long after the establishment of autocracy at Moscow. For centuries, indeed, the Slavonic world was faced with the choice between autocracy with order and feudal oligarchy with disorder. Poland, the western half, chose the latter; and it would be difficult to find a better justification of the autocratic principle than the history of that unhappy country. For a time, at the end of the sixteenth century, even Russia herself seemed to be about to anticipate the fate of Poland; but danger from without and the common sense of the people led to the re-establishment of autocracy in the person of the first of the Romanovs.

It was Peter the Great, the third of the line, who was to solve the problem of administration. The privileges of the old *boyar* aristocracy were swept away and a new nobility, a nobility of service, was created. It was decreed that every individual who attained a certain grade in the military or civil service was thereby entitled to rank as an hereditary noble; and, as the State service has since been open to every one, it is clear that the nobility of Russia is constantly recruited from outside. The result is that Russia contains nothing corresponding to the small, exclusive and politically powerful aristocracy, which has made much history in democratic England. When it is remarked that there are some 600,000 nobles in modern Russia, it will be at once realized that the Russian nobility cannot possess very great significance, either socially or politically. As a matter of fact a strong aristocracy in Russia would be incompatible with

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the existence of the autocratic principle. This is recognized by both peasant and Tsar, the two parties who are chiefly interested in keeping the nobility in its place. Paul I declared on one occasion that there was no one of any consequence in Russia except the person to whom he was speaking, and then only for as long as he was speaking to him. On the other hand the early revolutionaries were identified everywhere by the peasants with the *boyars*; how could they be anything else when they talked against the Tsar and still more when they finally assassinated him?

The nobility, therefore, of Russia consists simply of present and past members of the bureaucracy, the administrative machine which Peter the Great created to assist the autocrat to govern the country. People in England who have been regaled with highly coloured stories of the state of things in Russia very often imagine the bureaucracy as an exclusive and aristocratic caste which spends its time oppressing the poor. The truth is, however, that, as far as structure goes, the Russian bureaucracy is the most democratic in the world. Anyone, provided he passes the requisite examinations, can enter the civil service; and theoretically there is nothing to prevent a peasant's son from rising to the highest offices of the State, if he has sufficient ability. What is wrong with the Russian bureaucracy is lack of initiative and lack of responsibility. It is an instrument, not an organ, of the State, a machine which was intended to respond at once to the slightest movement of the autocrat's hand. The consequence is that the Russian official has acquired the habit of waiting for orders from above before he moves. An English civil servant is generally given a definite task and left to work it out by himself; he is often impatient of regulations and orders from the central office. A Russian civil servant tends to feel that if no definite order has arrived from Petrograd, there is nothing to be done but draw his salary. And at Petrograd itself, there is no great hurry. "In the huge barrack-like buildings where the central officials of St Petersburg work, the atmosphere is indolent

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and doctrinaire. Report writing becomes a fine art. The mental oppression produced by masses of unconsidered papers is relieved by interminable cigarettes and ever-recurrent cups of tea. There are plenty of people about; to the bureaucratic office more than to any other place in Russia we may apply the maxim, that it takes three men to do the work of one."*

At the same time, the Russian bureaucracy has acquired what amounts to almost absolute irresponsibility. There is only one person in the whole empire who can control its action or call it to book, the Tsar; and most Tsars have not Peter the Great's all-pervading energy. It is this lack of adequate control which has led to the vices of corruption, petty tyranny, stupidity and red tape that deform the government of Russia. The instrument has become too vast, too unwieldy, too complicated for the autocrat to manage; and being as it is, nothing but a machine, it stands in the path of Russia's development, unintelligent, unprogressive, and intolerant. It grows, moreover, every year more jealous of its powers, more impatient of external criticism, which it suppresses by all the means—and they are unlimited—at its disposal. Freedom of speech, freedom of the Press, freedom of meeting, cannot be allowed to exist in a country ruled by an irresponsible bureaucracy.

Yet it is the system rather than the people who compose it that is at fault. "The official," writes the Englishman who has studied him most closely, "is the product of two different factors, the system and the country, and the country comes first. As a Russian, he is pretty sure to be very good hearted, and at least fairly quick of wit. Of the system he may have in him either the best or the worst: he may have the instincts of a loyal and patriotic servant, or he may be simply lazy and unintelligent. With him, as with other Russians who are not officials, the chief lack may well be a lack of character. He, like many other Russians, may separate his career from his private enjoyments, and may

* Pares, *Russia and Reform*, p. 156.

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even be at once shameless and self-seeking in the first, and shameless and self-seeking in the second. . . . There exists a certain kind of official who has definitely set himself to make his fortune through officialdom. He has, perhaps, had to silence secret scruples and to give up former ideals. He may have had great difficulty in obtaining his post; for promotion he depends upon the good will of his superiors; correct in dress and manner, obsequious where it is necessary to curry favour, he lets off his feelings in bullying his inferiors, and gets his reward by making money out of the opportunities of his office. So common are such officials that the habit of brow-beating seems almost to be a feature of the whole class, and that wholesale perquisites of a certain kind are generally looked upon as "sinless takings." If such a man is astute, he will always be trying to follow the changes of wind in that quarter from which all breezes of promotion come. Picture such a man in a great national crisis, where authority is divided, where the prestige of officialdom is itself in danger, and guess whether he will stand for the letter of the law or for any means which may help to re-establish the old absolutism, by which he has profited so much. We can already understand the reasons which made certain local officials the ready tools of the policy of provocation, of the policy of the 'pogrom.'"* Thus the bureaucracy has become a Frankenstein, which the autocrat is powerless to control but for whose sins he is unjustly held entirely responsible. It took a Peter the Great to make the monster, perhaps another Peter the Great will be required to break it.

II. THE TWO RUSSIAS

THERE are three classes in Russia, nobles, merchants, and peasants. Neither the merchants, however, nor, as we have seen, the nobles are of very great social signifi-

* *Russia and Reform*, pp. 177-8.

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cance. The real line of cleavage in Russian society is that which distinguishes the educated from the uneducated. There are upwards of 170 millions of people in the Russian Empire, and of this enormous population about 25 per cent can read and write. That 25 per cent is the true aristocracy of Russia—an aristocracy of intellect. A very large proportion of the educated section pass of course into the bureaucracy, as most educated persons in the Middle Ages passed into the Church; indeed, nearly every educated person is either directly or indirectly a member of the "official class."

Yet it is also from among the educated section that the revolutionaries—the extreme foes of bureaucracy—are derived. To understand this phenomenon it is necessary to grasp the importance and meaning of the so-called *intelligentsia*. The land of Russia is the richest in the world, her forests are as yet almost untouched, her mines have not been opened up; she is virgin soil. The Russian people are in a state not unlike this also; they, too, are, intellectually speaking, virgin soil. Now, when the mind of a people in this condition is suddenly brought into contact with an old and developed culture from some foreign source, as happened for example in Europe at the time of the Renaissance, there inevitably follows a sudden and wonderful florescence in the realms of thought, literature and art, which, however, is likely to run to seed, to become over-luxuriant in some directions. And if, too, there is a considerable difference between the native and the imported culture, there will probably arise no little confusion in the moral sphere. Renaissance and decadence are two branches of the same tree—"the tree of the knowledge of good and evil"—which is found growing at the cross-roads of culture. Russia has eaten of the fruit of this tree and the result is that strange national product, the *intelligentsia*.

It is very difficult to define the limits of this class or clique in Russian society. Some would include within them all educated persons who are not members of the bureaucracy;

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others would confine the term to those who belong to the liberal professions. It will be most useful, probably, to think of it, not as a separate class, but as a movement, a movement, shall we say, like sixteenth century Humanism, which attracts men from many quarters, and some men at a definite period of their life. It is, in fact, educated Russia become intensely, at times overweeningly, self-conscious; it is culture become a cult. This movement has produced many wonderful things which the human race will never allow to die; it is responsible for modern Russian literature, and modern Russian music. It has had great achievements also in science and medicine. Virgin soil is marvellously productive. But with all its creative genius, there is a lack of balance about the Russian *intelligentsia*, which is most evident in the social sphere of life, that is in politics and morals. Like the men of the Renaissance, the Russian intellectuals hate and wish to destroy the past; Nietzsche's "transvaluation of all values" is their battle-cry. Like the men of the Reformation, they are bibliolaters, though the books they worship are not the Old and New Testaments, but the works of Karl Marx, Herbert Spencer, Nietzsche, and such other modern prophets. Thus they are both excessively doctrinaire and ultra-revolutionary. They regard such institutions as marriage, private property, the Church, as out-of-date, because they have seen them condemned in a book, or because they consider that their existence is not in accordance with "reason." They make a magnificent destructive force, but they have hitherto proved themselves hopeless in the work of construction, because they ignore the only foundation upon which a social edifice can be built—human nature—and think that it is possible to improvise a new era like a sonata or a romance. For while they can understand creation, they have no patience for development. Lastly, the political ideas, which they derive almost exclusively from the West, and from the most extreme of western thinkers, are of course sadly inapplicable to Russia, in which the conditions are totally

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different from those which confront the English, French or German political theorist.

Yet the Russian *intelligentsia*, which has been changing rapidly of late years and is in its pre-revolutionary form now almost a thing of the past, was a most necessary stage in the development of Russia. The Russian mind, like the Russian plain, knows no limits. It moves forward like a great tidal wave and, when it has spent its force, there follows the ebb. Russia is a country of extremes; violent revolution is succeeded by violent reaction. Yet the net result is progress, progress which is represented by the margin left between the ebb of one wave and the ebb of the preceding one.

Meanwhile the Russian people, the illiterate 75 per cent, stands aside, a puzzled but shrewd spectator of this life-and-death struggle between the bureaucracy and the *intelligentsia*. These have alternately won its support as one or the other has been guilty of some flagrant act of violence or oppression, but neither has really won its sympathy, since both are lumped together in the popular mind as *boyars*. This identification is not so absurd as it sounds, seeing that the absolute triumph of either party would mean the virtual destruction of the autocratic power. *Boyar* means landlord, the ancient enemy of the peasant class, and the latter looks upon the revolution, not altogether unjustly, as an attempt to dispossess one set of landlords and put in another. In any case, peasant and Tsar stand together and feel their interests to be identical. If, therefore, we wish to understand Russia, it is of first importance to understand the peasantry which is the real power in the land.

Lift that veil of prejudice, of which we have spoken, from the face of Russia, sweep aside the dust and smoke of the revolutionary conflict which raged some years ago, and you see her as she is—a land of peasants, intensely loyal, intensely patriotic, intensely devout; their national patriotism, their devotion to the Tsar, and their religion being all aspects of one faith by which they live and die. If one were asked to

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sum up Russia in a word, one could find the word at once. Russia is a Church. There is no line between secular and divine, as there is with us. Every room has its icon, every undertaking its prayer. The power of ecclesiastical institutions is not great, the parish priest is not revered overmuch, the Church of Russia is neither influential nor learned; but the country is the most Christian in the world. The peasants can neither read the profound philosophers and sociologists of the West, nor write their thoughts in books and treatises; yet they have a philosophy of their own, as definite and as tenaciously held as that of the *intelligentsia*. It is the philosophy of simplicity, of brotherliness, of mystery and of miracle. All they know or care about are the two elemental facts of life—God and the land. The country is full of churches, monasteries and shrines. Thousands of pilgrims find their way to Jerusalem every Easter; peasant pilgrims who go on foot, not tourists with Cook's tickets. Russia is not a sad country. On the contrary, it is constantly engaged in celebration, festival, choral song and dance. The Russian Church is not ugly and benighted, as some suppose. The religious music, which is entirely vocal, is thus described by Mr Maurice Baring: "The singing of the church choirs in Russia is without comparison, the finest in the world. The bass voices reach to notes and attain effects resembling the 36-foot bourdon stops of a huge organ, and these, blent with the clear and bold treble voices, sing 'an undisturbed song of pure concent.' The best Russian choirs sing together like one voice. They attain to tremendous crescendos, to a huge volume of thunderous sound, and to a celestial softness and delicacy of diminishing tone."* And the ceremonial ritual is no less impressive, no less beautiful than the music which accompanies it, while the painting of sacred pictures is still a living art in Russia, possessing its own time-honoured rules and conventions.† And these singers, painters, prose-

* *Mainsprings of Russia*, p. 243.

† See the delightful story by Leescov, entitled *The Sealed Angel* (Eng. trans. by Beatrice Tollemache).

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poets and priests clad in gorgeous robes and moving with sublime stateliness, are peasants; for beauty in Russia still belongs to the people, as it did in the West until the Renaissance "enclosed" it and made it the preserve of the well-to-do. It is still the hand-maid of religion, the external symbol of that joy and gladness with which the people go up into the house of the Lord.

The counterpart of this profound religious sense is found in everyday life in the hospitality, brotherly love and toleration which all travellers notice as characteristic of the Russian population. "The *moujiks*," writes one who knows them intimately, "are sociable and brotherly; they do things together, sing together, pray together, live together. They like meeting together in public places, in churches and markets. They like great parties at marriages and funerals, and prodigal hospitality at all festivals. They like to wash themselves together in the public baths, and to work together in the field and forest. They are more public than we are, less suspicious, less recluse. They would never live next door to anyone and not know all his family and his affairs. They always want to know the whole life and business of a stranger *moujik*, and the stranger is always willing to tell. They do not shut themselves in; their doors are open, both the doors of their houses and the doors of their hearts."*

Here then is the virgin soil which makes Russia so great, both in actual and in potential achievement. What is good in the *intelligentsia* is derived from this native source. The simplicity, altruism and non-resistance, for example, preached by Tolstoi, and the tenderness and all-embracing pity which breathes from Dostoieffsky, are nothing but developments of certain sides of the peasant character. What is bad is borrowed from abroad.

* Stephen Graham, *Undiscovered Russia*, p. 279.

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III. REACTION AND REFORM

THE problem of Russian domestic politics is how to devise a check on the power of the bureaucracy, without impairing the principle of autocracy, which is the only principle that three-quarters of the population can understand. Foreigners so often confuse autocracy with bureaucracy that it is perhaps worth while showing that the two institutions have played very different parts in Russia during the nineteenth century. It would indeed be hardly too much to say that, though all Tsars, of course, have not been reformers, all the great reforms which have been carried through have originated from the autocrat, while the bureaucracy has always cast its weight upon the side of reaction. Alexander I, the contemporary of Napoleon, was during the first half of his reign at least, liberal, if not Jacobin, in politics; and, though he introduced no reforms of importance in Russia itself, he posed as a constitutional monarch in the dependencies of Finland and Poland. Nicholas I was a stiff soldier who greatly increased the power of the bureaucracy both in the direction of centralization and by establishing the notorious "Third Section," which was a secret service under the direct surveillance of the monarch. Yet even Nicholas abolished the last relic of capital punishment, flogging by the knout, while he did much to prepare the way for the emancipation of the serfs, which took place during the next reign.

His successor, Alexander II, is, after Peter the Great, the man who has left the deepest mark upon Russia. He carried through three tremendous reforms, two of which have done more than anything else to limit the bureaucratic sphere of action, while the third was in itself one of the most astonishing revolutions in the history of the world. These reforms are of such importance in their bearing on the present situation in Russia that something must be said in detail on each of them.

Reaction and Reform

The first to be undertaken was the emancipation of the serfs. Serfdom dates from the end of the sixteenth century, and it was a necessary stage in the development of the Russian people, as in that of every other people in Europe. But its continued existence was obnoxious to the nineteenth century mind, and all types of Russian thought, not excepting the extreme reactionaries, were in favour of abolition. A change, however, which would alter the status of some five-eighths of the population, was no light task. Many urged that it should only be undertaken with the assistance of a popular assembly, but Alexander wisely perceived that the autocratic power was the best instrument for the purpose. The conflicting interests of landlord and serf would at once have led to party conflicts in a representative chamber, whereas the Tsar was the sole authority in the State who could really act as impartial arbiter between the two.

The great transformation of Russian society was completed in 1861. Not only were the landlords deprived of their rights over the peasants, but they were also obliged to sell a large proportion of their land to their former serfs, since Alexander recognized that "liberation without land has always ended in an increase of the proprietor's arbitrary power." The State paid the landlords for this land, recouping itself from the peasants in the form of taxation, to be spread over a term of 49 years. Furthermore, the peasants were not dealt with directly but through their communes, which to some extent took the place of the landlords as legally responsible for taxation. These measures, of course, required subsequent amendment in the light of experience. The increase of the population caused in time a serious shortage of land, the "redemption tax" was found to be exceedingly onerous, and the *mir* or communal system, in spite of the high hopes placed upon it, has proved on the whole administratively inefficient and agriculturally ultra-conservative. These defects were the cause of the unrest among the peasants in 1904-5, which made the revolution-

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aries seem so much more formidable, at that period, than they actually were. Accordingly the Government has during the last ten years abolished the "redemption tax," and has made it easy for the peasants both to acquire more land and to leave the *mir* to become small individual proprietors.

The rural question still, no doubt, involves some difficult problems for the Russian statesman, but the emancipation of 1861, followed by the reforms of fifty years later, has done an immense deal for the progress and prosperity of the country. The peasants now own by far the larger proportion of the arable land of Russia, they are industrious and contented, and their release from the soil in the time of Alexander led to a great wave of colonization. "Issuing in 1861 from the Central Provinces, where it had long been pent up and become artificially congested, the tide of emigration overflowed into Siberia, Turkestan, the Caucasus, and the trans-Caspian regions, until it reached the shores of the Pacific itself."* With her 145 millions of sturdy and independent *moujiks* Russia can look forward to the future with confidence and hope.

The other reforms of Alexander II were scarcely less important than the emancipation of the serfs, though we shall have to pass over them more rapidly. In 1864 the entire legal and criminal machinery of the country was revolutionized. Before this the judiciary had been a department of the executive; it was now separated from it and given an independent existence. It is not necessary to emphasize the importance of this from the point of view of the liberty of the subject. It is sufficient to suggest that it marks the beginning of that "rule of law" in Russia, which is part of the atmosphere of a constitutional country like England. It meant, too, a definite curtailment of the bureaucratic power, which had now to deal with a separate and often hostile department of State. And in the following year the autocrat still further circumscribed the authority of the bureaucracy

* Kluchevsky, *op. cit.*, vol. 1, p. 2.

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by setting up representative institutions for local government in the Russian Provinces.

These provincial assemblies, known as Zemstva, became at once centres of sound liberalism, a counterpoise to the reaction of the bureaucracy on the one hand and the revolution of the *intelligentsia* on the other. They were, in fact, representative of all that is best in Russian society, and of the country as distinct from the towns. Each district had a Zemstvo, consisting of delegates from the peasant communes and from the local gentry; and above the district Zemstva, was a higher Zemstvo for each government or province, composed of delegates from the district assemblies. In 1870 the system was completed by the creation of Town Councils, which represented—somewhat inadequately, it must be admitted—the third class in the Russian polity, the merchants. The powers of these bodies were at first considerable. They could levy at their discretion a rate for the purposes of local government. They had the care of roads, hospitals, sanitation and elementary education, while Alexander deliberately entrusted to them the more kindly and beneficent side of local administration, leaving the unpleasant police work to the bureaucracy.*

Thus within the space of four years the entire social and political structure of the country was overhauled; nearly 50 million serfs had been emancipated, an enormous transference of land had taken place, a new judiciary had been established, local government had been set up, and the foundations of a national legislature had been laid. It may safely be said that autocracy alone could have carried through so gigantic a task, over so huge a country, and in so short a time. It is not, of course, claimed that Alexander II was a Solon; the ideas of which he approved were not his own. What is certain, however, is that the autocrat, moved no doubt, by popular opinion—which means such demands of the unofficial *intelligentsia* as have obtained the moral

* See *Russia and Reform*, ch. xi, for further information about the Zemstva.

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support of the peasantry—has always been, and is likely for some time yet to be, the power in Russia by which things are done, through whose mouth reforms are promulgated.

Unfortunately the revolutionaries and bureaucrats between them did their best to undo Alexander's work by plunging the country into a period of reaction which has not even yet quite passed away. In 1881, on the very day when the Tsar had decided to crown the Zemstva with an imperial chamber, representing the whole country, he was assassinated by revolutionaries. The crime played straight into the hands of the bureaucracy, which had been long waiting its opportunity. "Reform," in whose name the assassins had offered up their sacrifice, now stank in the nostrils of the people, the Court was thrown in self-defence into the arms of bureaucracy, and the latter at once seized the reins of power, which it continued to hold for thirty-five years. The Zemstva still did excellent work, but their authority was curtailed, and everywhere they were subject to the control of the central government; the working of the judiciary was hampered as much as possible; and as the struggle with the revolutionaries grew more violent, martial law and "administrative order" almost entirely superseded the ordinary law of the land.

The real ruler of the country during this period was the procurator of the Holy Synod, the old bureaucrat Pobedonostsev, who, unfortunately for Russia, acted as tutor both to Alexander III and to his son Nicholas II. He popularized a philosophical justification of the bureaucratic principle, known as Slavophilism, which was an obscurantist nationalism, affecting to despise the liberal countries of western Europe as decadent, and exalting the bureaucracy as the true saviour and preserver of the Russian spirit.

The chief mainstay, however, of the bureaucratic regime was the support of Germany. Since the days when Frederick the Great and Catherine II became joint accomplices in the partitions of Poland, the governments of Russia and Prussia had been in close touch with each other, a bond which

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Bismarck found it to his interest to strengthen by all the means in his power. Moreover, Germans were to be found in posts of authority all over the Empire. "Baltic Germans were strong at the Court; they held many of the highest administrative posts and were in every chancellery; they had, for example, a disproportionate share in the work of the Courts-martial. German stewards with scrupulous exactness collected the revenues of their absent masters. German firms captured the strategic posts of trade, and German managers ruled Russian workmen. Owing to a strong contrast of character between the two races, their use of power was often contemptuous and rarely sympathetic."* Long before the outbreak of the present war the Germans were the best-hated nation in Russia; they had become identified, not altogether unjustly, in the popular mind with the reactionary bureaucracy. Prussia has always been the evil genius of her Eastern neighbour; that is one reason why a war against her has called forth the enthusiasm of the whole Russian people.

Meanwhile, the bureaucracy, having crushed all opposition and all criticism, grew more and more demoralized, while the revolutionaries, forced underground, grew more and more extreme. The middle party, represented in the *Zemstva*, at the same time began to feel public opinion developing in their favour. The Japanese War, with its revelations of the corruption and incompetence of the Government, brought matters suddenly to a head. The economic discontent of the peasantry, labour troubles in the towns, and mutiny in the army and navy all contributed to the general disturbance. And before they knew where they were, the bureaucracy found themselves without a supporter in the land. There was a rapid and complete collapse for a time. The demands of the reformers were granted. The work of Alexander II was to be completed by the creation of an Imperial Duma. Liberty of speech, of the press, and of meeting was conceded. It looked, at the end

* *Cambridge Modern History*, vol. xii, p. 379.

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of 1905, as if the forces of reaction had finally succumbed, and the Government had been beaten on the constitutional issue. But once again in the history of Russia the hopes of reform were ruined by the extravagances of the revolutionaries.

Russia's first parliament met in an intractable temper, sweeping reforms were demanded, divided counsels and wordy discussions were the order of the day, and yet no real effort was made to secure by statute the elementary rights of personal and constitutional liberty. Never was there in Russia a more glaring exhibition of that lack of what we call "character," of that recklessness and want of balance, of that refusal to recognize the true limits of the situation, than in those disastrous years, 1905-7. The Duma had lost the confidence of the country before the Tsar dissolved it in July, hardly two months after its opening. And the revolutionaries alienated the last sympathies of the public by the outrages which followed the dissolution. Matters drifted from bad to worse, police murders and bank robberies were answered by pogroms and hooligan risings, and the country seemed to be returning to the "Time of Trouble" at the end of the sixteenth century. A violent revulsion of feeling took place, especially among the peasantry, whose economic demands the Government had wisely satisfied; a dictator was called for, and appeared in the person of Stolypin, the strong man of modern Russia, whose watchword was "Order first, Reform afterwards."

The real cause of the failure of the Revolution of 1905 was the fundamentally different outlook of the revolutionary *intelligentsia* and the peasantry. The latter listened to their would-be saviours when they talked of securing "all the land for those that labour"; but when they discovered them to be people who believed neither in God nor Tsar, they shrank in horror from them as traitors and infidels.

It cannot be doubted that the ruthless suppression of the revolutionary movement from 1907 to 1909 met with the approval of the majority of the nation. Had the revolution-

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aries been contented with the constitutional issue, they might have carried the day on it. But it soon became clear to the country that they were attempting something much more than this, that they hoped to overthrow the whole social and religious structure of Russia. "Holy Russia," the Russia of Tsar, Church and *moujik*, the Russia of immemorial custom and sacred tradition, was threatened; and the Russian people, as they always have and always will, flocked to its support. And so, though a Duma still meets and deliberates at Petrograd, doing work that is much needed for the Empire, the question of ministerial responsibility, which means, of course, bureaucratic responsibility, remains unsettled. The representative assembly can criticize, but it possesses no real or effective control.

It is not idle to hope that this war will do much to solve this and other problems in Russia. A great war has always been beneficial to that enormous and somewhat amorphous empire, which seems to need a tremendous shock of this kind to galvanize it into activity. The Crimean War led directly to the reforms of Alexander II, the Japanese War to the creation of the Duma. Both these wars, it is true, precipitated reform by exposing the incompetence of bureaucracy when brought to the extreme test; while the war at present being waged has not, it is satisfactory to say, revealed anything but a high level of efficiency on the part of all concerned. But it must be remembered, first, that the open breach with Germany has deprived the bureaucracy of the prop upon which it has leaned for long, and second, that the close alliance in arms with the two greatest liberal Powers in the world can hardly fail to produce a profound result upon the susceptible Russian consciousness.

In any case, whatever happens, critics in England or America will do the cause of reform in Russia no good whatever by empty denunciation of the Russian Government. Our first duty to Russia is to understand her, to realize the magnitude of her task, and to give her credit both for the inestimable services she has rendered to civilization, and for the

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almost miraculous progress she has made, considering the difficulties she has had to face. We shall do well to remind ourselves also, that not the least of those difficulties has been the constant presence of revolution in her midst. It is a price she has had to pay for her proximity to the West, and for the extraordinary intellectual facility of her sons; but it has twice by its stupid excesses dashed the cup of constitutional liberty from her lips and plunged her people back into extreme reaction.

The hope of Russia, as far as domestic reform is concerned, is, without doubt, the district and provincial Zemstva, which have already done such excellent work in the past, and will do more excellent work in the future, when once they are released from the deadening effect of bureaucratic interference. By a further delegation of power to these bodies, together with the grant of definite rights as against bureaucratic aggression, it would, perhaps, be possible to leaven the Russian civil service gradually by the representative principle and popular control, without menacing the Tsardom and the essential framework of the State.

Finally, let us be certain of one thing at least, that whatever may be our personal views on the subject of autocracy, that institution still has a long life before it and much work to perform in Russia. It is therefore wiser to face the facts and to recognize that the Tsardom is after all Russia's form of democracy. In other words, it is the kind of government the people understand and reverence, and it is their only protection against the tyranny of an aristocratic clique, whether it be the tyranny of *boyars*, bureaucrats, or *intelligentsia*. One or other of these oligarchies has seemed for a time to triumph, when the hand at the tiller has been weak or the will indecisive; but the strong man has seldom failed the country in extreme need, and when the will of the autocrat is clearly and unmistakably expressed, it has always been found to correspond with the needs of the people.

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IV. RUSSIA AND OTHER NATIONALITIES

THE present war, marking as it does the end of an epoch and involving almost the whole of civilization in its sweep, seems to raise for us at once all possible political questions, not to mention an innumerable number of moral and religious ones also. It has certainly done so for Russia. The spectacle of M. Milyoukov, the leader of the cadet party, walking arm in arm in the lobby of the Duma with M. Purishkévich, the notorious leader of the extreme reactionaries, which was described for us by a journalist at the outbreak of war, may be a picturesque fable; but it is at least one of those fables which tell us as much as facts. By a curious concatenation of circumstances the war makes a universal appeal to all parties in Russia. We have seen how attractive the idea of fighting against Germany, and in alliance with France and England, was to all those who wished to break with the bureaucratic tradition and to draw closer to the "constitutionalism" of the West. The appeal to that other and more important Russia is equally forcible. "Holy Russia" is once again united in a crusade, a war in defence of a people of Slavonic blood and Orthodox faith, against the aggression of a foreign and heretic power. And if a last touch were needed to make the crusade an undoubted fact, the entry of Turkey into the lists against the Allies has provided it.

During the past hundred and fifty years Russia has waged no less than seven wars against Turkey; and it is her persistent pressure on the Ottoman Empire, together with her constant interference with the affairs of the Balkan States, which has largely earned her the evil diplomatic reputation to which reference was made at the beginning of this article. Yet this pressure is both natural and inevitable. As the most important member of the Orthodox Church, as the leading Slavonic power, Russia has been compelled to intervene on

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behalf of the Christian nationalities subject to the Porte. There is, moreover, the call of Byzantium. "St Sophia in Russian hands; the capital of the Eastern Empire and the Eastern Church restored to her rightful place by the greatest of her sons"; this has long been the dream of Russia. The names of Alexander, Constantine and Nicholas, which since the time of Catherine the Imperial princes have borne, are so many finger-posts pointing to Constantinople.

And yet what has been the rôle of Russia in South-East Europe during the nineteenth century? Except in 1812, when she occupied Bessarabia, she has not increased her territory on the west of the Black Sea by an inch. On the contrary, she has consistently played the part of liberator. Greece, Rumania, Serbia, and Bulgaria all are heavily in her debt, while Montenegro has always received her support. Bismarck, the exponent of *Realpolitik*, sneers of course at all this. "The traditional Russian policy," he writes, in his *Reminiscences*, "which is based partly on community of faith and partly on blood relationship—the thought of freeing from the Turkish yoke and thereby binding to Russia the Rumanians, the Bulgarians, the Greeks, and occasionally also the Roman Catholic Serbians who under various names are to be found on either side of the Austro-Hungarian frontier—has not stood the test. . . . All these races have gladly accepted Russian help for liberation from the Turks; but since they have been free they have shown no tendency to accept the Tsar as successor of the Sultan."* Has the "crafty Russian bear" been tricked so often? Or has Bismarck, together with ourselves, misjudged Russia, because he has attributed to her his own standard of conduct? During the nineteenth century we have occupied Egypt and Cyprus, Italy has occupied Tripoli, Austria has annexed Bosnia. What has Russia gained for herself out of the break-up of the Turkish Empire? What, too, was she likely to gain in a war to protect Serbia against Austrian oppression? As we have tried to show, the picture of Russia

* Vol. II, pp. 291-2.

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as a land of domestic tyranny and unhappiness is altogether false; is not its counterpart, the portrait of her as a voracious whale seeking to swallow up all the smaller fish that come her way, not to mention larger fry, equally false? As a matter of history, Russia has never aimed at the domination of other races as Prussia, for example, has done.

The cases of Poland and Finland may seem to contradict this statement. That of Poland, with its many complexities—particularly that of German interest and influence, already alluded to—requires more space than is available here, and will be dealt with in the next issue of *THE ROUND TABLE*. Finland fell into the hands of Russia in 1809, during the Napoleonic wars. Alexander I refused to treat her as a conquered country, he confirmed her ancient internal liberties, and she was left at peace for ninety years, during which time she was able, under the protection of her mighty partner, to develop her commercial, industrial and intellectual resources to an admirable and surprising degree. Then, unluckily for herself, partly because she was becoming something of a commercial rival, partly because she afforded a home of refuge for revolutionaries, partly because her strategic importance became daily more evident, she attracted the attention of the bureaucracy in 1899, who, only too glad to divert the eyes of Russians from the corruption and incompetence at home, got up a "case" against Finland and proceeded to "Russify" her. The policy of "Russification" in Finland and elsewhere, like the policy of "pogroms," is a by-product of the bureaucratic regime when threatened by revolution. Both Finland and Poland have suffered grievous wrong at the hands of bureaucracy, but it is only fair to admit that the Tsar has frequently stood between them and their real oppressor. And if the Tsar, after the war, can master the government machine, the subject nationalities of the empire are not likely to derive anything but benefit from the change.

In any case, Finland will have to come to terms with her great partner, a necessity which she has up to the present

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hardly realized. The tie which bound her to Russia was for ninety years so loose that she was hardly conscious of it, and allowed herself to adopt unwisely enough a somewhat contemptuous and indifferent attitude towards the predominant State. Nor has she ever tried to understand the Russian genius and character, which she, proud of her own intensely western culture, was content to regard as little better than that of a barbarian race. The sense of a common danger and a common destiny in the present time of trouble may do much to quicken in her the realization that her interests are inevitably bound up with those of the rest of the great Eurasian plain. And, on the other side, although there have as yet been no promises to Finland such as those made to Poland in the recent manifesto, there can be no doubt that an attempt will be made to solve the Finnish question, as well as the Polish question, at the conclusion of the war. Russia, in periods of reaction, has made mistakes, has even been guilty of inexcusable acts of oppression towards her subject peoples, but these lapses have been spasmodic, the fruit of bureaucratic stupidity, not of national depravity. There has been no consistent policy of repression towards the non-Russian races in Russia, as there has always been in Germany.

One point more remains to be dealt with. If and when the military predominance of Germany is overthrown, is there not a danger that it will be succeeded by the far more terrible military predominance of Russia? Russia has more than 170 millions to draw upon, and her other resources, if not inexhaustible at present, must in time become so. She has been fighting for centuries; her polity is at bottom founded on a military conception; she has always been, as was pointed out earlier in this article, an army. Will she not continue to fight, and if so, what is to stop her? The answers we find to questions like these depend upon our reading of Russian history and the Russian spirit.

It is true that Russia has always been an army, but that is because her geographical situation has forced her to

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become so; it is true that Russia has been engaged for centuries in constant war, but that is because she has had to defend herself (and civilization) against the incursions of Mongolian hordes; it is true that her career has been a career of conquest, but that is because there could be no peace, no security, no Russia, until the illimitable plain had been subdued. And now the Pacific has been reached, and the mighty task is at last accomplished. Russia has found her natural frontiers; after groping blindly forwards from century to century, she has at length touched the walls of her immense habitation. The barbarian invasions are over both for her and for the world at large, and she can now turn to the second great task in the development of nations, the question of internal reform. Order is hers; she has next to seek and to find liberty. The national idea has been attained, the liberal idea already presses upon her.

The Russian people are tired of their interminable warfare and long for peace with a great longing. And here, as elsewhere, the Tsar has expressed the national aspiration in no uncertain fashion. In 1804, when Russia and England were fighting in company to overthrow the military domination of Napoleon, Alexander I submitted to Pitt a scheme for a "Confederation of Europe," which should come into being after the triumph of the Allies. "Why could not one submit to it," he asks, "the positive rights of nations, assure the privileges of neutrality, insert the obligation of never beginning war until all the resources which the mediation of a third party could offer have been exhausted, until the grievances have by this means been brought to light, and an effort to remove them has been made? On principles such as these one could proceed to a general pacification, and give birth to a league of which the stipulations would form, so to speak, a new code of the law of nations, while those who should try to infringe it would risk bringing upon themselves the forces of the new union."* Ninety-four years later we find Alexander's successor, Nicholas II, still enter-

* *Cambridge Modern History*, vol. x, p. 3.

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taining the same noble vision, and in the Imperial Rescript of 1898 inviting the Powers to an international conference to arrange for a general disarmament. "The preservation of peace," runs this historic and prophetic document, "has been put forward as the object of international policy. It is in its name that the great States have concluded between themselves powerful alliances; it is the better to guarantee peace that they have developed their military forces in proportions hitherto unprecedented, and still continue to increase them without shrinking from any sacrifice. All these efforts, nevertheless, have not yet been able to bring about the beneficent results of the desired pacification. . . . In proportion as the armaments of each power increase, do they less and less fulfil the objects which the governments have set before themselves. Economic crises, due in part to the system of *armaments à outrance* and the continual danger which lies in this accumulation of war material, are transforming the armed peace of our days into a crushing burden which the peoples have more and more difficulty in bearing. It appears evident, therefore, that if this state of things continue it will inevitably lead to the very cataclysm which it is desired to avert, and the horrors of which make every thinking being shudder in anticipation."* And if these pronouncements be regarded as mere attempts of a cunning autocracy to hoodwink the world into a false sense of security, perhaps the words of one who was possibly the greatest Russian who ever lived, and certainly *the* representative Russian of the nineteenth century, may go for something. I mean Feodor Dostoieffsky, who spoke thus in 1880 at the Pushkin celebrations in Petrograd:

"The significance of the Russian race is without doubt European and universal. To be a real Russian and to be wholly Russian means only this: to be the brother of all men, to be universally human. To the

* Alison Phillips' *Modern Europe*, p. 527.

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true Russian, Europe and the affairs of the great Aryan race, are as dear as the affairs of Russia herself; because our affairs are the affairs of the whole world, and they are not to be obtained by the sword, but by the strength of fraternity and by our brotherly effort towards the universal union of mankind. And in the long run I am convinced that we, that is to say, not we but the future generations of the Russian people, shall every one of us, from the first to the last, understand that to be a real Russian must signify simply this; to strive towards bringing about a solution and an end to European conflicts; to show to Europe a way of escape from its anguish in the Russian soul, which is universal and all-embracing; to instill into her a brotherly love for all men's brothers, and in the end, perhaps, to utter the great and final word of universal harmony, the fraternal and lasting concord of all peoples according to the Gospel of Christ."

These are not the words of an unbalanced sentimentalist; they are the utterance of one of the tenderest and most relentless souls which the world has yet known, the man whom Nietzsche hailed as master, who rivals Shakespeare in his profound knowledge of human nature, and in whose genius all the greatest qualities of the Russian people seem to have combined.

WAR AND FINANCIAL EXHAUSTION

MUCH is said in the public press about the financial aspect of the war and the part which financial exhaustion is to play in bringing it to an end. But beyond the very general expression of beliefs, anticipations and hopes little attempt has been made to investigate how this financial exhaustion is to exert its decisive influence or what is the relative financial strength of the several combatants engaged. This is partly because no exact test or comparison of financial resources is feasible. But it is partly due also to a very dim apprehension as to what the wealth of a nation really consists in and as to the means which a nation possesses, even when it is hard pressed, of continuing a war. While, however, statistical comparisons between different nations may arrive at nothing like actual accuracy and are often even fallacious, and while this article does not pretend to treat the questions discussed from a statistical standpoint, it is at least possible to discuss the general elements of the problem, using such figures as are available mainly as illustrations of the argument. When figures of such magnitude are in question, comparatively large errors in calculation become of small moment. They do not invalidate the conclusions to which the figures point.

It is a matter of great importance that the British people should not sit down under the comforting idea that their opponents are likely to be forced very quickly to make peace by financial exhaustion. All history goes to show that actual want of money or financial distress has seldom brought a war to an end. Nothing could have been more wretched than the financial affairs of France at the beginning of the

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Revolutionary period. But they did not stop her from conquering Europe. The Balkan States, small, poor and financially weak, conducted, without difficulty, two violent campaigns lasting over many months, and now Serbia is fighting a third war against a far more powerful opponent. The Boers, even after the whole framework of their States was shattered, continued the struggle for two years. Mexico has supported, during three years of chaos and rebellion, the armies both of her Governments and her revolutionaries. So long as a Government has a printing-press, it can always make "money." If an army can find food, clothing, and munitions of war, it can continue to fight, so long as it wants to. If the people behind it can also produce not only food, clothing and munitions for its army, but food and clothing for itself, and if, in the case of a great modern industrial State, its vital newer centres of industry are not invaded and held by the enemy, it can continue to exist and to carry on the struggle, so long as it wants to. Given fulfilment of these elementary conditions, the problem is mainly a psychological one. If it cannot find the absolute necessities of life and warfare, either by producing them or buying them, a nation must no doubt stop; if it can find them, it can go on, at the cost, no doubt, of much suffering and sacrifice, so long as its population ardently desires and expects victory and the attainment of some great national object or ideal, and regards all its sufferings and sacrifices as the price which must willingly be paid.

A review of the financial position of a nation may show that war will bring dislocation of trade, unemployment, high prices, and great suffering, but it need not be assumed that all this is equivalent to exhaustion, or must drive it to peace. Before you can judge of its effects, you must know the temper of the people. This psychological element is by far the most important of all, and all conclusions deduced from purely financial considerations are subordinate to it. It is often ignored, and it has therefore been insisted upon as a preliminary to any discussion of the financial problem.

War and Financial Exhaustion

I. COST OF THE WAR

THE present cost of the war can only be guessed at. It has been stated—neutral, but mobilized States, being counted as well as actual belligerents—that altogether there are not much less than 20,000,000 men under arms. If every soldier costs about 10s. a day the total cost would mount up to £10,000,000 a day. That is probably not far from the truth. The British Government, with not far short of 2,000,000 men now under arms, is stated officially to be actually disbursing about £1,000,000 a day, and its real expenditure is probably a good deal higher and will continue to grow. The official returns show an increased expenditure for the twelve weeks from August 8 to November 1 this year, as compared with the same period last year, of nearly £78,000,000. It has been stated in Berlin that Germany's daily expenditure is not much over £1,000,000 a day, but in reality it must be much greater, and is probably nearer £2,000,000; Russia is probably spending something like the same amount, France between £1,500,000 and £2,000,000, and Austria about the same. To this we have to add the expenditure of Serbia, Japan, Turkey and Belgium, and of all the neutral, but mobilized, States. If everything is taken into account, the total expenditure cannot well be less than £10,000,000 a day.

If these figures are more or less correct, it may be estimated that the cost of a year's war will be nearer £4,000,000,000 than £3,000,000,000. Whatever the figure, and even if the war does not last so long as a year, the cost will be gigantic. To estimate the significance of this great expenditure, it is necessary to get some idea as to the wealth of the nations which will have to foot the bill, and how that wealth is created.

English and German Wealth Compared

II. ENGLISH AND GERMAN WEALTH COMPARED

A NATION'S wealth is not the "money" it has or its gold or its silver stores. Its wealth is the total of the things, useful and therefore valuable to mankind, which its citizens at any one moment possess in their own or other countries as the heritage of the labour and services of past generations, or as the result of the labour—the continuing labour—of the present. In other words, a nation's wealth is of two kinds, first, its capital, or its fixed plant, that is, everything that former generations, as well as this generation in past years, have laboured to produce; cultivated land, houses, roads, railways, factories and so forth: and, second—and a very important part—the annual wealth produced year by year by the labour of its inhabitants. The bulk of that wealth so produced each year is of course consumed in feeding and maintaining the people and in keeping up to standard its fixed plant, its roads, factories, houses, and the like. The balance, if any, represents the surplus wealth produced, which may be utilized to improve the fixed plant of a country, or be lent to or invested in other countries.

It is, of course, a very difficult matter to ascertain accurately what is the wealth of a great nation, and any figures must be more or less approximate. Many calculations have been made, some differing widely from others. Some of the latest, probably accurate enough for Germany, are those given by Dr Helfferich, one of the leading Directors of the Deutsche Bank, who was recently reported to be in Brussels engaged on behalf of the German Government in arranging German finances in Belgium. Dr Helfferich has made a detailed study of the wealth of Germany and in the course of it institutes a comparison between the total capital wealth of

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Germany and that of her chief competitors. His figures are as follows:

	<i>Total Wealth.</i>	<i>Wealth per head of population.</i>
	<i>Millions £</i>	<i>£ £</i>
Germany	14,200 to 15,600	221 to 240
France	11,400	290
England	11,300 to 12,700	250 to 284
U.S.A.	24,500	270

It will be seen that he estimates that the United States are the richest nation, Germany second, England third, and France fourth. On the other hand, other estimates have put the wealth of Great Britain a good deal higher, e.g., at about £17,000,000,000. These latter may be more correct, but at the same time it would not be very surprising, on a priori grounds, if Dr Helfferich's order were correct. It follows not only the actual size of the different countries, but the numbers of their population. It would not be unlikely that the capital wealth, representing the land, houses, etc., of a country like Germany of 208,780 square miles, with a population of upwards of 68,000,000, should be greater than that of a country like the United Kingdom of 121,391 square miles, with a population of about 45,500,000.

Still more important perhaps than the capital wealth of a country is its annual production. Here again figures exist relating to the two countries with which this article is principally concerned, namely, England and Germany, but they relate to different years. The English figures are those given by the Royal Commission on the Census of Production for the year 1907, published in 1912; the figures for Germany are those given by Dr Helfferich for the year 1913. Their striking similarity is remarkable. The Royal Commission's figures are as follows:

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	<i>Millions £.</i>
Goods consumed or exchanged for services by classes engaged in production and distribu- tion	1248 to 1408
Goods consumed or exchanged for services by classes engaged in supplying services (i.e., Government servants, professional classes, etc.)	350 to 400
Additions by all classes to savings and invest- ments	320 to 350
Total Income	1918 to 2158

Dr Helfferich's figures for Germany are as follows:

	<i>Millions £.</i>
Total Income	1,960
For Public Purposes	343
For private use	1,225
Surplus wealth	392 to 417

Fifteen years ago the surplus wealth per annum produced by Germany was only from £220,000,000 to £245,000,000.

It will be seen that, while British savings in 1907 were estimated at about £350,000,000, German savings in 1913 were estimated at over £400,000,000. Since 1907 the wealth of the world has very largely increased and the wealth of England with it. It is probable, therefore, that the annual British savings are still well ahead of the German, notwithstanding the much smaller population.

Much of the savings of a nation are of course invested in the development of its own country in one form or another. One man may decide to spend his new wealth on the creation of a pleasure house; another man on an addition to his works. The surplus not required in the home country is invested abroad. The difference between England and Germany is that, while probably between one-half and one-third England's surplus wealth is annually invested abroad,

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a much larger proportion of Germany's goes to develop that country itself.

It is important to note how large a proportion the annual wealth produced by a country bears to its total wealth. England's whole capital wealth is estimated at from £13,000,000,000 up to £17,000,000,000. She produces probably at least £2,300,000,000 now, or from about one-sixth to one-seventh of the whole every year, of which she adds now to her capital wealth probably something between £400,000,000 and £500,000,000. This fact explains the rapid recuperation which a country, able to produce wealth at a great rate, often makes after a war.

The figures given above enable one to see with some clearness what happens during the course of a great war. There is obviously a very great reduction in wealth produced and wealth saved. In the first place, if a country has, say, 4,000,000 men under arms, the productive capacity of these men is entirely lost. If one were to assume that each man produces about £100 worth of wealth a year, there would at once be a loss of £400,000,000 a year. The loss from this particular cause would in reality be much less than that, since not nearly every soldier is an active producer. Moreover, those left behind would work harder than ever and the empty places would be to some extent filled by women. None the less, the loss would be very large. In the second place, there is a great reduction in the output of wealth owing to the dislocation of trade and finance throughout the world. The wheels of the machine revolve more slowly and some of them stop for a time altogether. A great creditor nation like England suffers particularly from all this, since its dividends from abroad fall off, and probably its shipping and banking commissions. The British trade figures for August and September are symptomatic of the trade dislocation. British exports in August fell by nearly £20,000,000 or in comparison with the same month last year by 45·1 per cent, in September by £15,750,000 or 37·1 per cent, and in October by £18,020,000 or 38·6 per cent. British imports

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in August fell by £41,200,000 or 24·3 per cent, in September by £45,000,000 or 26·5 per cent, and in October by £20,170,000 or 28·1 per cent. Trade may gradually become more normal, but meanwhile it is greatly embarrassed and wealth production consequently much less.

Thirdly, there is a great creation of non-productive instead of productive wealth, of wealth which is produced only to be destroyed straight away. The energies of industry are devoted to making shells, ammunition, guns, clothing, transport, materials and munitions of war of all kinds, which are not useful for creating more wealth and will in a few months have all disappeared.

Lastly, there is in many countries—in Belgium, France, Galicia, Poland, and East Prussia—the actual destruction of existing wealth, involving many millions of pounds worth of property. England, has, fortunately for herself, not yet experienced this misfortune, except in so far as the “Emden” and the “Karlsruhe” have destroyed her ships and her merchandise.

The total result then is that the annual wealth produced by a country is much smaller and its consumption greater. The effect of this will more easily be seen if the figures on page 141 are examined again. England's total production of wealth in a normal year instead of being £2,000,000,000 as it was in 1907—it would now be larger—would in a year of war be undoubtedly a good deal less. Not only would it be less in amount, but it would be different in character. An enormously greater proportion would be for consumption by classes engaged in supplying services—in this case soldiers and sailors. This figure instead of being £350,000,000 might be £650,000,000 or more. This would at once very largely diminish and probably wipe out altogether any savings, which the lesser production of wealth would in any case have enormously reduced. Against this must be set a reduction in the figure of £1,250,000,000 representing the ordinary consumption of the people, which would no doubt follow reduction in luxury, reduced expenditure on maintain-

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ing the country's plant, retrenchment and savings among all classes. If all the other items of war expenditure, including aid given to friendly countries, claims for compensation for losses, insurance and the like, exceeded, as they no doubt would, the savings, then the country would be trenching on its capital and would have to make this good by additional production of wealth, after the war was over. In practice, of course, even if a country's expenditure in war were only to equal its savings, it could not raise the whole or anything like the whole amount in taxation. To increase taxation in England by £400,000,000 in one year, even if the nation's total savings were that, or even by half would be quite impossible. It is necessary to borrow in circumstances like the present for the larger portion of the expenditure, and for the Government to redeem the debt gradually by taxing in later years the surplus income of the population.

In a war of this magnitude, therefore, every country undoubtedly lives on its capital to some extent, and most countries to a great extent. All expenditure is reduced to a minimum; the country's fixed plant runs down, just as a company, whose resources are taxed, ceases to maintain its depreciation fund. Generally speaking, the wealth of the country diminishes. Nevertheless, a country can live partly on its capital—just as a private person can—for a very long time. In fact, if the inhabitants of a country restrict their requirements to the essentials of life and existence, and if they can produce within their own borders enough food and munitions of war for themselves and their soldiers, and if they continue to believe in the credit of their Government sufficiently to take payment in paper money, there is nothing to prevent them from continuing the struggle indefinitely. It all depends on whether they want to. So long as a Government can issue paper money and persuade its people to take it, it can get along somehow. No doubt such a course may tend to depreciation of the currency, to rising prices, to the general dislocation of foreign trade, to such

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evils, in fact, that a civilized European community would and could suffer them for long only under the direst necessity and might be crippled by them for a long time afterwards. But it is as well to recognize that, if the sufferings of the non-combatant population are not intolerable, if, in fact, the will to fight still prevails, and all hope of ultimate victory is not wholly extinguished, a country which is self-supporting can go on almost indefinitely, certainly as long as a European war such as the present is likely for other reasons to last.

If a country is not self-supporting and must buy from outside, the problem is different. The question, then, is whether the country in question can get in the necessary imports and, if it can, whether it can pay for them. If it cannot get them in, it may have to give up the struggle. If it can get them in, it must pay in goods or gold, unless it can obtain temporary credit in some foreign financial centre. It cannot pay with paper-money. A German bank-note is no good to an American merchant in New York. He must have dollars. If the country can pay for its imports with exports, its position is secure. If it cannot, it must pay in gold, and, if it loses its gold, the consequences to its financial life and credit may be serious.

III. ENGLAND'S STRENGTH

THE foregoing considerations make manifest the great importance to a country, if it is engaged in a long and exhausting war, of continuing, so far as possible, to produce wealth, and if it is not a self-contained country, of continuing to import and export it. So will it be enabled to keep up its national income and find the resources from which to carry on the struggle without exhaustion and with its credit unimpaired.

It is important to compare from this point of view the strength of the allies on the one hand and their opponents

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on the other, and particularly the strength of England and Germany. Notwithstanding the comparative figures of total wealth already given, England is undoubtedly in one sense the richest country in the world. Her wealth is more mobile than any other country's; she earns it more easily, and she has the largest amount of surplus wealth at her free disposal. England has invested enormous supplies of capital all over the world, more even than France. Germany, though a borrowing nation herself, has also invested a great deal, but probably not more than a quarter of what England has. Germany therefore has to produce nearly all her surplus wealth by actually working for it; England, on the other hand, is more in the position of a rich man whose balance at the bank accumulates comfortably by the payment of dividends on his investments. Probably nearly £200,000,000 are received in this way annually. England's great investments abroad are the result of her great trade over many decades. She developed her trade and began to accumulate wealth many years before most other countries, long before Germany in particular. She has been lending abroad for many years. Moreover, she has been able to lend her surplus income to other countries to a greater extent than Germany, because her increase of population every year is only 300,000, while Germany's is 900,000. While it is obviously a great national strength to have so large an increase in population as Germany has, it means that more capital is needed in Germany itself to provide the necessities of civilization and the means of livelihood for those 900,000 than England has to spend on 300,000. France, whose population is practically stationary, is a still greater contrast to Germany in this respect. While France's trade has never been so great as England's, she is a very rich country and accumulates great wealth through the saving qualities of the French people. Since, then, she has been accumulating capital for many years and since she has no increase of population, the amount she has available for employment abroad is proportionately greater than in the

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case of the more quickly developing countries. "France," Dr Helfferich says, "is the land of capital; Germany is the land of work." Untrue as this is as an accurate description of the two countries, it truly depicts a tendency. England may be said to combine the qualities both of the capitalist and of the energetic producer of wealth.

England, then, is the great money-lender of the world, and, as a consequence, she has for long been the world's bank and the world's clearing-house. Every great bank and financial institution banks with London and keeps a branch there. In this respect England occupies a unique position. A private person, in selecting his bank, chooses probably a large institution, which he considers safe in all weathers, whose name is a household word, and cheques on which will therefore readily be taken anywhere, from which he can, when he wants it, always obtain gold, and which finally will accommodate him with a loan, if he wishes to have one. Exactly the same reasons have led to London being the world's bank. London has hitherto been considered secure from great political dangers and from invasion; the name of the great London banks and accepting houses have been known throughout the world for generations, and a bill of exchange upon them can always be sold anywhere; London has always been and is now the only really free market for gold in the world; and, finally, London lends more freely than any other nation.

A few figures may be cited to show the importance of London as a financial centre.

It is probable that England has invested abroad altogether between £3,500,000,000 and £4,000,000,000, on which she may get something like an annual return of nearly £200,000,000. The London Stock Exchange is by far the largest international stock market; there can be very few countries and very few kinds of governmental, industrial or commercial undertakings in the world not listed in the Stock Exchange Daily List; the securities there quoted are valued now at about £3,100,000,000. It may be interesting

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to note that seven years ago in 1907 their value was then nearly £700,000,000 greater, a good measure of the existing financial depression. But what is still more characteristic than these great permanent investments is the fact that there are in London always large floating supplies of capital, which are lent in all quarters temporarily on short loan, mainly in the way of financing the trade of the world by means of bills of exchange. The amount lent on bills amounts at any one time to over £300,000,000 and probably about £70,000,000 of this is lent as a rule, and lent now because it cannot be got back, to finance Germany's trade. That is the foundation of the statement that this country financed Germany for the first six weeks of the war. It is this enormous supply of floating capital which mainly differentiates London from other financial centres. Then again, England has increased her permanent investments abroad in these last few years by between £150,000,000 and £200,000,000 annually. No other country approaches this amount. France comes next; Germany and the United States come a long way behind. Moreover, unlike England and France, both Germany and the United States borrow from other countries, not only for their own development but to facilitate their activities and to develop their concessions in other countries.

There are some interesting differences in the lending activities of different countries which tend to show that national characteristics express themselves in finance as in other national activities. A Frenchman's love for the pleasant land of France and his disinclination to leave his country are proverbial. It may not be far-fetched to think that this is the reason why, in the main, France lends her money to Governments and is content with a comparatively small, but generally secure, return, and prefers investments which unlike industrial investments do not require much looking after. In the main, France confines herself to European Governments and particularly to Russia and the Balkan States, but she lends also largely to the Gov-

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ernments of South America, Brazil, the Argentine and Mexico. But Frenchmen have also, in addition to their liking for safety, a distinct speculative turn. What they do not lend to a Government, they will probably put into gold or other mining enterprises in South Africa, Mexico or elsewhere. England is more catholic. While she lends, it is true, largely to Governments, though hardly ever to European Governments, she has used her money in general to develop every conceivable kind of industrial and other undertakings throughout the world. It is hardly too much to say that the railways of the whole American continent have in the first instance been financed by English capital. Englishmen have left their home-country in order to manage these undertakings all over the world. If a French banking group makes a loan to the Argentine Government, the matter is finished there and then, and all its security is on the good faith of that Government; if an English company puts money into an Argentine railway, it usually sends out Englishmen to look after it. It is noteworthy that though France, next to the United States, has put most money into undertakings in Mexico, there were many Englishmen, Germans and Americans there before the recent trouble, but few Frenchmen.

There are certain disadvantages as well as advantages in being the banker of the world. The great disadvantage—and it was seen clearly on the outbreak of war—is that in a crisis it is unpleasant to be owed very large sums from abroad, if you cannot get the money owing to you when it is due. It may be unpleasant not to pay your debts; it is still more unpleasant not to get them paid. And this is what happened in London. It is probable that every day several millions, say £3,000,000 or £4,000,000, are due from the rest of the world to England to meet bills of exchange maturing, Stock Exchange loans, dividends falling due, commissions, and so forth. Hitherto these great liabilities have always been punctually met, and hitherto the machinery by which one country can remit money to another has never broken down.

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But in the last days of July of this year something happened that has never happened before in the history of the world. There was an absolute breakdown in the financial machinery of the Foreign Exchanges, not only in Europe, but in New York and everywhere else throughout the world. However much debtors wanted to live up to their obligations, they could not do so, for it was for the time being quite impossible to remit money from one country to another. Of course Germany and Austro-Hungary did not want to, and would not have paid in any case. But there were other countries like the United States, which owed us very large sums and could send nothing. The New York Exchange rose nominally to such extreme heights that anyone remitting money from New York to London would have lost 40 per cent in doing so.

This complete financial breakdown was the main reason why a moratorium was necessary in this country. Those who could not get their money from abroad would not have been able to pay their debts and a first-class financial crisis would have ensued. Germany was in quite a different position. Being a far greater borrower, at any rate of short loan money, than she is a lender, she had merely not to pay her debts. To that extent the war was temporarily a positive advantage to her.

It may be worth remarking here that the stories of Germany having deliberately created a panic in London at the end of July by withdrawing huge sums are so much nonsense, as every one with a knowledge of the facts must have known. No doubt Germans with balances in London tried to withdraw them, as did Frenchmen and every one else. But on the whole, as the Berlin Foreign Exchange showed, more money was being remitted from Germany to England at that moment than from England to Germany.

But against the disadvantages of being a great creditor nation, there are much greater advantages. The world has to pay England the money it owes her either in goods or gold. Ordinarily, of course, it pays in goods and only the

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fractional balance is settled in gold. The official returns show that last year England's imports of merchandise were £659,000,000 and her exports £525,000,000. But the figure for imports represents in part payment by other countries for what are often termed "invisible exports," not appearing in the figure for exports. These payments represent, for instance, interest on loans and investments abroad, perhaps £190,000,000, shipping commissions, perhaps £100,000,000, banking commissions, perhaps £40,000,000. Out of the £659,000,000 worth of goods imported into this country, £330,000,000 may therefore be said to represent payments for interest and commissions. That would leave £329,000,000 of imports against exports of £525,000,000. The balance of about £190,000,000 of exports may be said very roughly to represent the surplus capital we lent abroad last year. Now, it is obvious that if, while ceasing to lend money abroad, as in great measure we no doubt shall, except to our Allies and to the British Dominions and Colonies, we maintained our exports and our imports unchanged, other countries would have to send us extra goods to the amount of £190,000,000, or to send us gold. The problem of course does not in practice work out so simply. When England reduces her foreign investments, even when there is no war, exports invariably diminish also. Again, our dividends and commissions are certain to fall off to some extent. What will undoubtedly happen is that both our exports and imports will suffer a reduction and still more will change in character, especially our imports. It must be remembered, moreover, that the British Government will be bound to lend very large sums to the Dominions and to its allies. It has, in fact, as the Prime Minister has stated, lent already or undertaken to lend £44,000,000. On the whole, however, it is likely that the balance will be in our favour and that, if we wish to, we shall be able to draw gold for our central bank reserve from the world. Certainly the tendency has been that way hitherto. On August 5 the Bank of England's gold reserve was

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£26,000,000; on November 4 it was just under £69,000,000, and in addition the Government has already created a reserve of £12,500,000 against its issue of Treasury notes.

It is also the fact of being so great a lender that has enabled London to remain the only really free market for gold in the world. Anyone who can get bank notes or has a credit with the Bank of England can obtain gold. But you cannot exchange a note either of the Imperial Bank of Germany or the Bank of France for gold. Even in New York, though Americans are accustomed to call it a free gold market, it was impossible recently to obtain gold for export in payment of debts due to England owing to a general determination on the part of the New York banks to prevent it. In New York too specie payments are ordinarily suspended in every crisis. Now it is a matter of first-class importance that London should remain a free gold market. To that it will be due very largely that she will be able still to assert her claim to be the financial centre of the world. So long as that is so, all the banks and financial institutions of the world will look to London, since they know that, if they must have gold to pay their debts, they can always go to London and get it. It is also a matter of first-class importance that we should maintain and increase our stock of gold. That will enable us to maintain and increase our superstructure of credit and this will be of great importance for the issue of war loans, and in helping us to finance our friends and allies. Moreover, as the war continues, we may be using more paper money. The issue of the £1 and 10s. Treasury notes amounts now to £30,000,000. It might later increase largely. It is therefore essential that we should keep the balance of trade in our favour and for this we must maintain our exports. The command of the sea is vital to our financial well-being.

Hitherto, it is interesting to note, the British Government has raised money on terms which compare favourably with other countries. The French Government is issuing temporary Bons de la Défense Nationale bearing interest at

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5 per cent; the 5 per cent German Government loan was issued at 97½, and the Russian Government is issuing a 5 per cent loan at 94. Before the issue of the War Loan the British Government had borrowed £90,000,000 by means of Treasury Bills at an average rate of interest of £3 11s. 7d. It has now issued a War Loan yielding exactly 4 per cent, and redeemable in ten years' time for the stupendous sum of £350,000,000, far the biggest financial operation in the history of the world. The War Loan is an exceedingly attractive security. The Bank of England has undertaken for a period of three years to lend money without any margin against the War stock, taking the security at its issue price, i.e., 95, charging interest at 1 per cent below Bank Rate. These exceptional facilities render an investment in the War Loan attractive and feasible for all classes of investors, the only possible risk being the chance of further loans being required, and of the security falling temporarily below its issue price. The great success of the loan is, however, in any case a tribute to the enormous financial strength of the country. The credit of the British Government is still unsurpassed. So long as we retain command of the sea, it should remain so. If we lose it, our position, instead of being the best, becomes the worst.

IV. THE POSITION IN GERMANY

GERMANY, as the figures already quoted show, is financially a rich and powerful nation in a stage of rapid development. A hundred years ago Germany had a population of 21,000,000, France of 29,000,000, the United Kingdom of 17,000,000. To-day Germany's population is nearly 70,000,000 or about 50,000,000 more than 100 years ago; France 39,000,000 or 10,000,000 more, and the United Kingdom 45,000,000, or about 28,000,000 more. What will the figures be 100 years hence? Since 1871 Germany's population has increased by 26,000,000 while France's has increased by 3,000,000 only and England's by 14,000,000.

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Germany's wealth has been growing by leaps and bounds. It is probably growing as fast as ours and faster than France's. As in all other departments of life, so in finance she is thoroughly organized. She has a very strong and very well-managed banking system, controlled by men of thoroughly expert knowledge. She had taken all steps long beforehand to mobilize her credit and her resources on the outbreak of war.

But she has two weaknesses as compared with England. Though a great creditor nation she is not nearly so great a creditor nation as England, and, while she is almost as big an importing nation, she does not command the sea. Last year Germany imported £526,000,000 of merchandise, of which more than half represents raw materials and about £150,000,000 represents food and animals, against her exports of £495,000,000. She has no doubt considerable investments abroad, but not nearly as large as those of England; they are estimated by Dr Helfferich at £1,000,000,000, as against England's investments of not far short of £4,000,000,000. Moreover, she earns nothing like the same sum in shipping and banking commissions. While England earns from all these sources probably about £330,000,000 Germany earns probably under £100,000,000. If, therefore, her exports are very largely cut off, she cannot pay for nearly so large a proportion of her imports by money due to her from abroad as England can. She must work for her imports, and in the main she must pay for them either in goods or in gold. As the figures above mentioned show, Germany is not much more self-contained than England, and it is therefore as important for her, as it is in the parallel case for England, that her trade should continue to be as normal as possible. But it is a great deal more difficult for her to achieve this end, and our whole efforts should be devoted to preventing her from doing so. What is of the greatest importance is to throttle her imports. Not only would the complete cessation of such imports as petrol, rubber, copper, nickel and so forth be a serious hindrance to her creation of munitions and engines of war, but German

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industry in general relies very largely on the import of all sorts of other raw materials. Owing to the great changes in international maritime law made by the Declaration of Paris in 1857 England's power to destroy commerce is far weaker than it was in the Napoleonic era, and there are great and, indeed, insuperable obstacles to any attempt to ruin Germany's oversea trade. We have, too, to be careful to avoid serious trouble with neutral countries and in particular with the United States. Since we cannot touch non-contraband goods in neutral vessels, whether they are being imported to or exported from Germany through a neutral port, it is impossible to prevent an import and export trade being conducted through neutral countries like Holland, Sweden, Norway, Rumania, Italy and Switzerland, and it is certain that Germany is doing a very large trade in this way. There are lines of steamers from Genoa, Amsterdam, and other places which serve the purpose. If we could stop Germany's exports, her position would be very seriously damaged. It has already been pointed out that Germany can in the main pay for her imports only by her exports. If we were to throttle the latter, we should have gone a long way to throttle the former too. It is most unfortunate from this point of view that international obligations were ever assumed, which so completely tie our hands. None the less, German industry must be suffering very seriously. The great development of German industries in the past few years has been based on the energetic extension of their world trade. They cannot exist solely on their home market. They must therefore be very hard hit in more than one way. In the first place Germany ordinarily exports annually to countries, with whom she is now actually at war, £160,000,000 worth of goods. All that is absolutely cut off. Moreover her trade with neutral countries must be restricted, by extra railway charges owing to longer land carriage, by higher commissions, by difficulties in financing and by the great difficulty in many cases of obtaining the

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necessary raw materials. If we add to this the fact that she has mobilized so great a proportion of her male population, we need have no doubt that Germany's economic upset is far greater than ours, and that, as the war continues, she will suffer more than we shall from economic exhaustion, unemployment, and dearth of food and of raw materials—provided we always retain command of the sea. She must find more difficulty than we do in importing what she finds necessary, and in exporting enough to pay for those imports. The worst for her would be that she would cease to be able to import one or more commodities quite essential to her; the next worse would be that, while obtaining the imports she wanted, she could not pay for them except by the export of gold. The heavy fall in the German exchange in New York looks as if Germany had already been buying a great deal in America and was finding some difficulty in paying. The level of the exchange shows that Germany is being forced now to pay about 12 per cent more for imports than before the war. This in itself, unless the exchange becomes normal again, is bound to lead to a rise in prices in Germany. But it cannot yet be said that her currency is depreciated.

It is estimated officially in Germany that the last harvest fully covers her requirements so far as rye, oats and potatoes are concerned. With present supplies wheat, which appears to be much dearer in Germany than in England, will last till the beginning of September. Official steps have been taken to economize wheat. In all wheat bread there must be 10 per cent of rye. Flour made from potatoes is to be mixed with all rye bread. Maximum prices, which are well above pre-war prices, are fixed, and it is hoped by these and other measures, and no doubt by importation through neutral countries, to escape any real shortage of food. The supply of fodder for cattle, which is imported largely from Russia, is a greater problem, and it is difficult to see how it will be solved. On the whole, however, it may be said that food questions will not become really serious for a good many months.

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The outbreak of war found Germany absolutely prepared, in finance just as in everything else, with the measures which she thought necessary to meet the crisis. England on the other hand was equally unprepared. Nothing had been thought out; there were difficulties in the way of a thorough co-operation of all those, whose co-operation was absolutely necessary, and to some extent it was a case of muddling through, luckily with no small measure of success. In some ways there seems to have been a greater financial crisis in Germany than in England. The public was more alarmed, and there were a good many runs on banks; whereas, notwithstanding certain provocations, the public in this country kept its head extraordinarily well. At the beginning of August the Reichsbank suspended specie payments, and issued a large number of fresh notes, which were thus inconvertible. Furthermore there were at once created throughout the country Darlehenskassen, or Government Loan Agencies which number now over 200, and which are authorized to make loans against securities of all kinds up to a total amount of £150,000,000, paying out as currency their own notes, which appear to be legal tender. It is difficult to ascertain exactly how many of these notes have now been issued, but the amount appears to be something under £50,000,000. These Darlehenskassen no doubt perform a useful function in liquidating stocks of goods and commodities of all kinds and relieve the pressure on the Reichsbank. They were also especially intended to facilitate subscriptions to the War Loan. Anyone who had securities but not ready money could raise a loan on his securities and invest it in the War Loan. If pushed to any great length, this obviously becomes a dangerous operation. No doubt if Germany were successful and obtained heavy indemnities and if German Government stocks remained at their present level, no great difficulties need be anticipated. But if the contrary is the case, and German stocks depreciate in value, the unfortunate holders will find that to raise loans from the Darlehenskassen for investment in Government securities is simply

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another way of over-speculating and overtrading. The operation becomes still more risky to financial stability if, as seems clear, the notes of the Darlehenskassen, when paid in to the Reichsbank, are treated by them, as available together with gold, silver and treasury notes as the basis for the issue of Reichsbank notes. Necessity knows no law, but it can never be anything but bad finance to issue paper based on paper. In any consideration of these special measures taken to facilitate the War Loan, the difficulties caused by the non-existence of the Stock Exchange and the complete absence of buyers, and the consequent inability of anyone to turn his securities into cash by sale should be borne in mind. Unless a man has actual cash in his bank, or can obtain a loan against his securities, he is powerless in present circumstances to subscribe to any new issues, and this is a difficulty which, but for the special facilities offered by the Bank of England, would be felt here as well as in Germany.

By the issue of a large amount of notes, both of the Reichsbank and the Darlehenskassen, and of silver, by heavy discounting of bills, and by certain judicial measures, Germany was enabled to avoid a moratorium. Judges were given power to extend the time for a debtor unable to meet his liabilities, and Government officials were empowered to supervise the affairs of a business man, who was only temporarily embarrassed, without his having to be declared bankrupt. It appears that the extra amount of notes, metallic money, and Treasury notes issued amounted at the time of the War Loan to about £135,000,000.

Germany, as is well known, recently issued a War Loan by which she raised £220,000,000. That is a large financial operation, and there is no doubt that it was a great success. Even though various special facilities were given by the Reichsbank, by the Darlehenskassen and also by the Savings Banks, it was undoubtedly evidence both of the wealth and the patriotism of the country. The terms of the loan were favourable, the return in interest being over 5 per cent. The number of subscribers was 1,150,000 out of whom 900,000

France, Russia and Austria-Hungary

took £100 only or less, 200,000 taking only from £5 to £10. Special facilities were granted by the Savings Banks, and their depositors subscribed, it appears, for about £45,000,000. Krupps, it is interesting to note, subscribed for £1,500,000. Before many months Germany will have to raise another loan. If the campaign goes against her, or even does not go with her, the next large operation will of course not be nearly so easy. But it is worth while repeating that so long as the Government has a printing press, it can make money and can pay its way with it, so long as the German people trust it, and wish it to continue the struggle. Similarly, difficulties of food supplies, of unemployment, and of high prices, while they will all increase, will probably not—taken by themselves—be sufficiently serious to compel peace. It will be their cumulative effect, which will press hard upon the German people, unless they are counterbalanced by great victories in the field. It is possible that Germany may fail to obtain supplies of one or more absolutely essential imports. But it is not well to rely on this. In the financial and economic spheres the fundamental question is the psychology of the German nation and the measure of the sacrifices it is prepared to endure. There is everything to show that that measure will be a large one. Before her sacrifices become too heavy for her to bear, the campaign will probably be already decided, either by victory in the field for one side or the other or by the appalling slaughter and the physical exhaustion of her own or her opponent's armies.

V. FRANCE, RUSSIA AND AUSTRIA-HUNGARY

THERE is no space in which to consider at any length the conditions of France, Russia and Austria-Hungary. The same general considerations mentioned at the beginning of this article apply to all of them.

Austria-Hungary is undoubtedly the weakest financially. She is a borrowing nation in the best of times, and Germany

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will no doubt have to assist her. But since her industrial life is not so highly organized as Germany's she will feel the shock to it less. She will have to live on paper money, and will suffer the various economic ills, which follow in its train. Her capacity to continue depends on her power of producing, buying or borrowing the food, clothing and munitions of war she requires. She has plenty of food. Her greatest difficulty may be to provide herself with the necessary munitions of war. Imports are probably necessary for these and it is probable that Trieste will be closely blockaded, so that, if she must import them, she must import them through Germany. Her industries will suffer from the same ills as those of Germany.

France is a very strong financial power. The French people are the greatest saving people in the world. They have enormous investments abroad and next, to England France has more capital to spare than any other nation. The French employ their savings very largely in foreign investments, while the Germans use theirs mainly to develop their own country and its industries. The French may make 5 per cent on their money; while the Germans—though they may sometimes lose it all—will more often make 10 per cent and upwards. Thus Germany in all probability is growing richer more quickly than France.

Meanwhile, in this war, France has this great advantage over Germany that, even if her exports were to fall off altogether, the money due to her in the form of interest from abroad, which is estimated to be not much less than that due to England, would pay for a large amount of imports. She has also a great advantage over Germany in that the seas are absolutely open to her. Her exports and imports of merchandise in 1913 were respectively £275,000,000 and £340,000,000. Furthermore, wealth in France is very well distributed and it is a great strength to her that she has so many millions of small investors and capitalists.

Her disadvantages are that an important section of her country is invaded, which, as the Germans well realize, is

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most exhausting and distressing to her, and that her financial and economic life is greatly hampered by a very harsh moratorium. It so happened that for some time before the outbreak of war the French banks and banking world—apart, of course, from the Bank of France—had been in a bad way. They had lent too much money, particularly to the Argentine, Mexico and Brazil, all of which countries were themselves embarrassed, and their resources in consequence were not nearly as elastic and liquid as they should have been. As a result the Government, in order to save the banking position, had to decree an extraordinarily harsh moratorium, much worse than anything known in England. The Banks unwisely almost stopped business altogether. No depositor could get more than 250 francs at a time, plus 5 per cent, out of any balance he had, unless he were an employer of labour, when he could draw out enough to pay his wages. Things are a little easier now, but few steps have yet been taken to straighten out the financial difficulties, and the present situation must be very hampering to French trade. Nevertheless France has great internal strength and recuperative powers and should be able to last out financially as long as Germany.

Russia is the most self-contained of all the Great Powers at war. Her only weakness in this respect may be that she may urgently require munitions of war, which she may not be able easily to make herself. That would be a serious drawback to her, since now her only door open to the world is through Vladivostok or Port Arthur and right across Siberia. The Dardenelles are closed, and Archangel is ice-bound. Otherwise she can provide herself with all she can require. Her wealth has been increasing very quickly. She has a strong banking system. The economic effect of the war will be much less on her than on the far more highly-developed industrial system of Germany. Her financial exhaustion is not likely in any case to be so serious as to compel her to discontinue the struggle.

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VI. CONCLUSION

IT is too early yet to discuss what will be the financial and economic results of the war. They must be great, and if it lasts long, they will be terrible. A year's war expenditure will not be far short of £4,000,000,000, and so huge a destruction of wealth, so large a draft on the world's capital cannot but react profoundly on its development during the years following. It is possible that immediately after the war there may be a short period of seeming prosperity, a small boom for a year or two while the absolute necessities of civilization are being replaced, but the lack of capital on the one hand and the greatly reduced purchasing power of the world's population on the other must soon tell, and there must inevitably be then a more or less prolonged period of stagnation and depression, while each country is building up its reserves of capital. The world after the war will be just like an engine, whose fires have been allowed to die down. It will be necessary to build them up and heat the boilers up again, before there will be enough steam to enable the world to move again at the pace it has been doing in the last decade. On the other hand, the figures already given of the annual production of wealth show at what a pace wealth can now be created with the help of modern machinery and modern means of transport. The country which will recover the quickest after the war, will be that one whose population devote themselves with the greatest energy to replacing what has been lost.

But what is more important at this stage is not what will happen after the war, but what will happen during it. If the war is a prolonged one, financial and still more economic considerations will exert greater and greater influence. But for some months to come their influence will not be decisive or even serious. The Allies, it is true, have in the aggregate much greater resources in wealth and

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population than have Germany, Austria-Hungary and Turkey. Germany, on the other hand, has the great advantage of concentration and absolute preparedness. Her whole aim is and must be to deal her foes rapid blows so violent and shattering in character that they will be forced to make peace, before any process of economic exhaustion has begun. In this it does not appear that she will succeed. But it may well be that the issue of the struggle will be decided in the next three or six months, and, if it is, it will have been decided not by any economic or financial considerations but by the force of arms on sea and land. Therefore, though our task must be to weaken Germany economically and financially in every possible way, it would be folly on our part to look to such influences to decide the war in our favour. Our business is to beat Germany in the field. If economic influences tell on our side, so much the better. But by themselves they will never enable us to impose a satisfactory peace on our enemies. Moreover, they will tell on our side upon one condition and one condition only.

The people of the British Empire have learnt much during the last three months and will learn more still, before the war is over, as to the true source of their strength. Command of sea, now as always, stands between the Empire and destruction. Command of sea is all that separates victory from disaster. So long as the British Navy commands the sea, the British Empire cannot be defeated. If it loses command of the sea, the Empire cannot win. All discussion of financial, economic or other war problems must finally come down to that simple elementary truth, and it would be well, were it burnt into the mind of every subject of the King throughout the world. This country has won her great struggles mainly by defeating her enemies' fleets and partly by the incidental method of destroying their commerce. After more than one hundred years her supremacy at sea is again challenged, and, altered in many respects as the problem is, its grand outlines are still the same. England has, it is true, in times of peace

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wisely or unwisely abandoned some weapons of sea power which she formerly wielded with effect. She cannot now, since the Declaration of Paris, touch non-contraband goods consigned to the country of her enemies, when carried in a neutral ship, nor can she do anything to interfere with enemy exports carried in neutral ships. "Moderation in war" as Lord Fisher says, "is an imbecility," and we may deplore now this diminution of our powers, since, so far as trade is concerned, it renders the power of our Navy more defensive than offensive. Yet it does not affect our sea supremacy. Nothing will affect that but the defeat of the fleet itself.

If such defeat were ever to come, then Great Britain and all her Dominions would lose everything: empire, possessions, shipping and commerce. Their Colonies would be taken, their coaling stations seized, their ships sunk and their commerce destroyed: All that would be an easy task for a victorious fleet. Neither conventions nor Declarations, neither Hague Tribunals nor Laws of Nations would prevent our foes from employing every weapon to their hand for our destruction.

Fortunately we have good faith that the British Fleet is more than equal to the task before it, and for this let us be thankful that we did not listen to those misguided doctrinaires, who with their incapacity to look facts in the face, to distinguish the real from the unreal, urged us in season and out of season to weaken our fleet, and fatally to reduce even that small margin of insurance on which not a few paltry millions but our whole life and nationhood depend. Let us also throughout the Empire mark and learn the lessons which this war will teach us. While every part of the Empire is equally and vitally concerned in the command of the sea, yet the very breath of the Empire's fleet is unity. If the Grand Fleet itself is defeated, small, weak, and distant squadrons must either uselessly keep their harbours or be sent to the bottom. The shores and commerce of all the Dominions as well as of the British Islands will then be open

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to the attack of the victorious enemy. The whole Empire is therefore equally concerned in the Navy's strength and it is vital to every part that in this and in every war there shall be present on the day of decision and at the decisive point an irresistible and united Fleet.

UNITED KINGDOM

I. THE IRISH CONTROVERSY

THREE months ago we wrote that "though the Irish quarrel has been suspended, it has not been settled." Despite the apparent settlement by the passage of the Act on September 18 these words are almost as true to-day as when they were written. It is important that this fact should not be lost sight of, especially in the Dominions, as it will have important consequences in the future when the war is over.

On the outbreak of war all sides agreed upon the necessity of presenting "a united front" to the enemy and of "closing up the ranks." Accordingly on Thursday, July 30, Mr Asquith proposed a truce to party strife and in particular to the struggle over the Home Rule Bill, which seriously threatened civil war in the following terms: "We shall therefore propose to put off for the present the consideration of the Second reading of the Amending Bill—of course without prejudice to its future—in the hope that by a postponement of the discussion the patriotism of all parties will contribute what lies in our power, if not to avert, at least to circumscribe, the calamities which threaten the world. In the meantime, the business which we shall take will be confined to necessary matters and will not be of a controversial character." Mr Bonar Law in reply said that it was "of the utmost importance" that we should present "a united front" to the world. "I am much obliged,"

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he added, "to the Prime Minister for saying that in the meantime party controversial business will not be taken. I am sure it is his intention, as it would be the wish of the whole House, that this postponement will not in any way prejudice the interests of any of the parties to the controversy." And Mr Asquith on August 10, when again moving the postponement of the Amending Bill, pointed out "that the postponement must be without prejudice to the domestic and political position of any party."

The general idea in everybody's mind at the moment was that there ought to be a truce to all controversial legislation during the period of the war, a truce all the more welcome as people hoped that during it passions over the Irish question might die down and a peaceful settlement become possible. Experience however showed that the apparently obvious course of declaring a general moratorium to disputed Bills was if not impossible in practice at any rate accompanied by very grave objections. It had been generally agreed that the root principle of the truce was that while there was to be delay, neither side was to be prejudiced thereby. The Liberals and Nationalists however felt that to hang up the Home Rule Bill and the Welsh Disestablishment Bill till the end of the war would almost certainly prejudice their chances of success very seriously. Even if the technical difficulties connected with the provisions of the Parliament Act could be overcome, there was no saying whether the Liberals would, at the end of the war, be in a position to go on with Home Rule, or be in power at all. Other questions, connected with the war, would certainly arise and preoccupy the electorate and in consequence the labour of three long years and all chance of passing it under the Parliament Act without another three years' campaign might be lost, not because Home Rule was unpopular but because it had temporarily been eclipsed by more urgent problems. They contended, therefore, that as the Home Rule and Welsh Disestablishment Bills had already been passed three times by the House of Commons, and sent up to the House of

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Lords, the true way of maintaining the *status quo* was to place them on the Statute Book at once, together with the Amending Bill in the original form proposed by the Government, providing that such Ulster counties as showed a majority against the Bill should be excluded from its operation, if the House of Lords would pass it, but that none of these bills should come into operation until after the war was over. This they declared was giving effect to the actual *status quo* as at the outbreak of war.

To this the Unionists and Ulstermen retorted that whatever the legal power of the Government might have been, the actual *status quo* was quite different, for the Government and every one else knew that if they had done before August 4 what they now proposed to do after it, civil war would certainly have broken out in the North of Ireland, and that it was precisely the knowledge of this fact which had delayed the passage of the Act and had produced the King's conference and other attempts at an agreed settlement. To pass the Bill with or without the original Amending Bill would, they said, simply be taking advantage of the knowledge that the Unionists and Ulstermen would patriotically forgo the means of resistance to the Act which they would otherwise have employed. They therefore claimed that the proper course was to proceed no further with the Home Rule and Welsh Disestablishment Bills, but to leave them till the end of the war, when they could be taken up again at the point at which they stood before war broke out.

There was obviously reason on both sides. Moreover there were other motives prompting an attempt at settlement. To suspend the quarrel in mid-air in this way meant keeping alive the animosities of both sides, and the preparations which had been made by the rival bodies of volunteers, to back them with physical force. It was therefore thought that the policy of unity and compromise engendered by the war should be taken advantage of to effect some kind of settlement acceptable to both sides which would make further warlike preparations or appeals to party passion

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purposeless. Moreover, recruits were urgently needed for the new army and neither side in Ireland would volunteer until it knew that its own interests were safeguarded.

Negotiations therefore were initiated between the leaders of the two parties. For reasons which were not explicitly given they failed, the Opposition declaring in the most categorical manner that they had been betrayed by the Government during the negotiations. It will serve no good purpose at this time to probe into the history of the negotiations, or even to quote in detail the speeches in Parliament, which were extremely bitter. It will suffice to record the nature of the temporary settlement arranged.

II. THE PASSAGE OF THE HOME RULE ACT

WHEN the negotiations were broken off Lord Lansdowne introduced a Bill into the House of Lords giving effect to the Unionist view of what ought to be done. It provided that the further and final stages of the Parliament Act Bills should be postponed during the continuance of the war and be taken up again precisely at the same point in the first session thereafter. This proposal was rejected by the Government, who announced their intention of placing both the Home Rule Bill and the Welsh Disestablishment Bill on the Statute Book at once, together with a Bill providing that no steps should be taken to bring either Bill into operation for a period of twelve months, or, if the war was not ended then, till the end of the war. At the same time Lord Crewe declared in the most categorical way "that there cannot be the smallest question, and no responsible government could ever hold the idea, of imposing a political constitution or a solution of this question upon Ulster by force," and he gave a definite pledge that "we will bring in a Bill to amend the Government of Ireland Bill which will have to be dealt with,

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and which we should see is dealt with, before the expiration of the term of twelve months." This Bill he hoped would not have to provide for the exclusion of any part of Ulster, a solution disliked by everybody, but would represent a general agreement made possible by better feelings engendered by the war.

This plan was justified by the Government on the ground that it was consonant with the general understanding that neither side was to suffer by the truce and that its effect would be "either to suspend the operation of the Bills altogether right up to the next general election . . . or quite possibly over and beyond the general election," while pledges by the Government and its admission that the coercion of Ulster was impossible, were "the surest guarantee that an Amending Bill must be passed before the (Home Rule) Bill as a whole can come into operation." Lord Lansdowne in reply said that the action of the Government was not what they had been led to expect during the negotiations, and that its decision to take advantage of the exceptional situation and put the Acts on the Statute Book had struck "a shattering blow" at the confidence which had been growing up between all parties since the war began. The Unionists considered that if an agreed settlement could not be reached the proper and honourable course was for the final stages of the Bills to be postponed till the war was over, and they declared themselves ready to pass an Act extending the duration of Parliament under the Parliament Act from five years to six, so as to render the position of the Government secure.

The debate in the House of Commons followed in general lines the debate in the House of Lords. The Prime Minister reaffirmed the pledge of the Government about the Amending Bill as being "an integral part of the proposals we are now laying before the House." "I give the assurance that in spirit and substance the Home Rule Bill will not and cannot come into operation until Parliament has had the fullest opportunity by an Amending Bill of altering, modify-

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ing, or to secure, at any rate, the general consent both of Ireland and of the United Kingdom." He also declared that, "the employment of force, any kind of force, for what you call the coercion of Ulster, is an absolutely unthinkable thing. So far as I am concerned, and so far as my colleagues are concerned, I speak for them for I know their unanimous feeling—that is a thing which we would never countenance or consent to." Mr Bonar Law in answer said that in view of what had happened the Government "had only two courses which were honourably open to them. One was to arrange a settlement, if possible, which would command general assent, and if that failed, the only other possible course was to postpone the controversy." As for the possibility of agreement the Government, during the negotiations, had put before the Opposition two alternative suggestions, one the course afterwards adopted by them which the Unionists had refused to consider, the other "another suggestion" put forward for consideration but not as a definite offer, because the Government was doubtful if it could be "made acceptable to the bulk of their supporters." This the Unionists had accepted, which proved, said Mr Bonar Law, that it was not the Unionists who had been unreasonable in the negotiations. But despite their acceptance of the alternative suggestion, the Government had decided to break off negotiations and pass the Bill into law, with the promise of an Amending Bill before it came into effect. Under these circumstances the Opposition had decided to place the whole responsibility on the Government and to leave the House. Before doing so, however, Mr Bonar Law pledged the support of the Unionist party to Ulster without condition. "We undertake," he said, "we, the Unionist party, without conditions—I made conditions before, but after the betrayal I make none now—without conditions we shall support them to the utmost in any steps they think it necessary to take to maintain their rights."

This is not the time to form any estimate of the rights and wrongs of the question, and we do not yet know the

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details of the negotiations which made the Opposition so bitter. But the broad position is clear. The Irish question is not settled. The Home Rule Act includes Ulster within its scope; the Government have declared the forcible application of the Act to Ulster to be impossible, and have promised an Amending Bill before the main Act is brought into force. On the nature of this future Amending Act the prospects of settlement depend.

One other reflection it is possible to make. The acerbity of the Irish quarrel is largely due to the fact that during the last forty years the English, and especially the Conservatives, have neglected to consider the aspirations and desires of the Nationalist majority in Ireland. Confident in the benevolence of their own intentions they have trusted to letting time reconcile the Irish to the constitution rather than laboriously attempting to meet Irish views to the utmost point consistent with the unity of the Kingdom and the supremacy of Parliament. The Liberal party, which recognized in this attitude of mind the root of the modern Irish difficulty and endeavoured by a measure of Home Rule to remedy it, have fallen into the same error towards Ulster. They have regarded the Ulster opposition as the Unionists before they regarded Irish Nationalism. One of the leaders of the Nationalists said to the writer of this paper in the early summer when the controversy was at its height, "The great mistake we Nationalists have made has been that we have never considered Ulster's point of view. Irish unity cannot be won by coercing Ulster. We have yet to win her confidence." It is a great misfortune that this far-sighted and statesmanlike view did not prevail and that the Government had to give way. There can be little doubt that the "other suggestion" made by the Government, and accepted by the Opposition, was for a temporary settlement of the Irish difficulty by passing the Act, but excluding from its operation the greater part of Ulster. This would have been the fairest way of giving effect to the agreement to call a truce without prejudice to the interests

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of either side. Nationalist Ireland would have been assured of Home Rule. Ulster would have been assured that it was not going to be brought under the present Home Rule Act without its consent. This would not have been a permanent settlement of the Irish problem any more than the passage of the Act, with the promise of an Amending Bill in the future, is a permanent settlement. But it would have represented the true *status quo* as it existed on August 4—when the Government were in a position to pass Home Rule for Nationalist Ireland, but not to include Ulster within its scope. And what is infinitely more important, by respecting the deepest sentiments of both Ulster and Nationalist Ireland, it would have created a feeling of confidence and good will out of which a lasting peace between North and South might have been forged.

III. THE RUPTURE WITH TURKEY

ON November 5 a state of war was proclaimed between Great Britain and Turkey. During the last three months frequent rumours of hostile preparations and provocative acts of various kinds have reached this country, and the strength of German influence at Constantinople, where an active war party headed by Enver Pasha, the Minister of War, was doing its best to force the Turkish Empire into a policy of adventure on the side of Germany, was a matter of common knowledge. The Turks had indeed hesitated so long that in spite of everything many people continued to hope that they would put off the final plunge altogether. Still the news when it came caused little surprise. The real wonder was reserved for a few days later when the British Government published the official correspondence and the world was able to realize the extraordinary patience with which the Entente Powers had for weeks and months put up with every conceivable kind of breach of Turkish

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neutrality. At last the bombardment of a Russian town, a naval raid on Odessa Harbour, the sinking of a Russian gun-boat, the burning of an English merchant vessel, and the invasion of Egyptian territory by armed Bedouins brought things to a head and war with Turkey could no longer be avoided.

The beginning of the trouble was the arrival at Constantinople on August 16 of the German war vessels "Goeben" and "Breslau." The British Government, a few days before, had, much to the annoyance of the Turks, requisitioned two dreadnoughts which Messrs Armstrong and Whitworth had just built for them, and Turkey now claimed the right to purchase the two German ships so as to have something in place of her commandeered dreadnoughts for the purpose of negotiations with Greece. Great Britain offered no objection provided the German crews were sent away. In spite of all our protests and the Turkish Government's promises, these crews were, however, not repatriated, and, as a result, the control of the Turkish Navy passed to Germany, who already, through the German military mission, practically controlled the Turkish army. The German sailors, and their Government took care to follow up this advantage by reinforcing their numbers, henceforward had it all their own way in the Sea of Marmora and the straits. British ships were held up or perquisitions made on them, and the Dardanelles were so effectively closed by mines that, as our Ambassador remarks on October 3, the Turks themselves apparently did not know where the passage was. German naval men were sent on various missions to different places in the Turkish Empire, notably with mines to Akaba on the Red Sea, to Basra on the Persian Gulf, and to Alexandretta. Admiral Limpus, the British Admiral in the service of the Turkish Government, found his position so impossible that, after being transferred to shore work, he resigned together with his staff.

Lastly, the German crews and the Turkish war party had it in their power to force the rupture with the Allied

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Powers that Germany so much desired, by attacking some port or vessel belonging to one of the Entente Powers. Constantinople, moreover, lay at the mercy of the "Goeben's" guns, and the possibility of a *coup d'état* became at once an element in the situation that could not be overlooked. No doubt a large number of Turks would in any case have sympathized with Germany. Still, but for this "bolt from the blue" the party of inaction would probably have prevailed. It was, at all events, our Ambassador's opinion on September 20 that the "Minister of War was the only firebrand and the Committee of Union and Progress (was) exercising a restraining influence." Again, on October 27 just before the final breach, he reports that a majority of the Committee are said to be against war, and showing considerable opposition to Enver Pasha's scheme for an invasion of Egypt. The German game, too, was perfectly understood by the Grand Vizier, in whose sincerity the Ambassador continued to believe, a confidence which was shared by the Russian Ambassador as late as October 8, though he distrusted his ability to give effect to his views.

It is not proposed to take the reader in detail through the provocations of Turkish officials or the activities of German officers in the Near East. These, as well as the various excuses, protests, and demands made at different times by the Turkish Government, are fully set out in the seventy-seven pages of the White Book. Officers, guns, and munitions of all kinds for war by sea and land, and even in the air, kept coming in from Germany, and on October 24 it was computed by our Ambassador that from £2,000,000 to £3,000,000 of German gold had reached Constantinople. As early as August 27, the mobilization of troops "was proceeding feverishly," and military preparations were particularly marked against Egypt. The latter are summarized as follows by Sir Edward Grey on October 24:

"The Mosul and Damascus Army Corps have, since their mobilization, been constantly sending troops

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south preparatory to an invasion of Egypt and the Suez Canal from Akaba and Gaza. A large body of Bedouin Arabs has been called out and armed to assist in this venture. Transport has been collected and roads have been prepared up to the frontier of Egypt. Mines have been dispatched to be laid in the Gulf of Akaba to protect the force from naval attack, and the notorious Sheikh Aziz Shawish, who has been so well known as a firebrand in raising Moslem feeling against Christians, has published and disseminated through Syria, and probably India, an inflammatory document urging Mohammedans to fight against Great Britain. Dr Prüffer, who was so long engaged in intrigues in Cairo against the British occupation, and is now attached to the German Embassy in Constantinople, has been busily occupied in Syria trying to incite the people to take part in this conflict."

Emissaries were, however, not only sent to stir up Mohammedan feeling in Egypt and probably in India. Our Ambassador heard that similar efforts were to be made in the Yemen and among the Senoussi, as also in Afghanistan, Persia, Tunis, Algeria and Morocco. If necessary, indeed, Berlin was determined to stir up a regular "jihad" or holy war, and on October 23, Sir Edward Grey wires to Egypt that he hears that the Turkish Minister to Bulgaria has gone to Germany to arrange for the stirring up of Moslem fanaticism. False news was spread by means of the Turkish Press and violent attacks made on England, not only without any attempt at interference on the part of the Government, but apparently, as all news had to pass the censor, with its approval. In the Aleppo district, indeed, Moslems were reported on October 14 "to have been so inveigled and incited by German and Turkish deliberate official misrepresentations and falsehoods of every kind that masses seem to believe the German Emperor has embraced Islamic faith, and that Germans are fighting for Islam against Russia." German merchantmen were fitted out with arms in the Port of Constantinople itself and one of them, the

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"Corcovado," made free use of wireless telegraphy almost in front of the British Ambassador's residence. On September 9 the capitulations were arbitrarily abolished, and later foreign post offices in Turkey were done away with as from October 1. On September 25, it was proposed to seal up the wireless apparatus of a British man-o'-war in the Shat-el-Arab.

Great Britain and her allies on the other hand during the three months in question made every effort to avoid giving an excuse for a rupture to the Turkish war party. The taking over of the Turkish contract with Armstrongs for the two new Turkish dreadnoughts was explained as a necessity of war; but an assurance was at once given that "the financial and other loss to Turkey will receive all due consideration and is a subject of sincere regret to His Majesty's Government."

The Turkish Government having complained on August 18 that they should either at once have been paid for the ships or a promise made that they would be returned after the war, King George, on August 25, sent a personal expression of regret to the Sultan and a promise to restore the two vessels after the war "in the event of the maintenance of a strict neutrality by Turkey without favour to the King's enemies, as at present shown by the Ottoman Government."

On August 7, an assurance was given that if Turkey remained neutral and Egypt quiet, and should no unforeseen circumstance arise, Great Britain did not propose to alter the status of Egypt and there was no idea of annexing that country or of injuring Turkey.

On August 18, a declaration was made to the Turkish Government that if Turkey would observe scrupulous neutrality during the war the Entente Powers would "uphold her independence and integrity against any enemies that may wish to utilize the general European complication in order to attack her."

On August 22, Sir Edward Grey gave permission to the

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British Ambassador, as soon as the French and Russian Ambassadors received similar instructions, to inform the Turkish Government that, subject to the immediate repatriation of the German crews, to a written assurance being given that all facilities would be given for the peaceful and uninterrupted passage of merchant vessels, and to neutrality being strictly observed, the Entente Powers would in return agree, with regard to the capitulations, to withdraw their extra-territorial jurisdiction as soon as "a scheme of judicial administration, which will satisfy modern conditions, is set up": and that the Entente Powers further would give a joint guarantee in writing to respect the independence and integrity of Turkey, both during the war and in the terms of peace.

In spite of the long-suffering attitude of the Entente Powers, the rupture so long feared was, however, brought about by the action of the Turko-German fleet on October 29, and Turkey in consequence finds herself finally committed to war on the side of Germany, one of whose motives in compassing this end was not improbably, as our Ambassador suggests, the hope of diverting Russian aims, especially in the event of a check to their arms, from the West to the long-coveted prize of the Golden Horn.

CANADA

I. THE DOMINION AND THE WAR

SINCE the war began there has been a truce between the political parties in Canada. This, however, is less true of the newspapers than of the political leaders. It was perhaps inevitable that Conservative journals should recall the obstruction to which the Government's naval proposals were subjected, the destructive action of the Senate, the denial of any "emergency" or "German menace" by the Liberal leaders, and their general and continuous profession of confidence in the pacific intentions of Germany. It was just as inevitable, perhaps, that the Liberal newspapers should argue that even if the Opposition had agreed to a contribution of Dreadnoughts the vessels would still be under construction, while if the Liberal naval programme had not been discarded Canada would have had cruisers to guard the Atlantic and Pacific and to convoy the first Canadian Expeditionary Army across the ocean.

But this controversy has been confined to the newspapers and has been furtive and intermittent. Between the leaders political peace has prevailed. Just before war was declared the Prime Minister and Sir Wilfrid Laurier had announced a series of meetings in the Western Provinces. These were cancelled. Manifestly Sir Robert Borden could not leave Ottawa, and the Liberal leader recognized that the time was unfavourable for partisan controversy. So the issue and distribution of literature from the headquarters of the parties was suspended. For a time there was apprehension of a

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general election, but this also has been dispelled. Among Conservatives there was strong objection to a dissolution of Parliament, and from Liberals there was unanimous and energetic protest. It is certain, however, that the Government does not feel secure while the Senate is controlled by a Liberal majority. There is, perhaps, also a natural, human desire to have public judgment upon the Liberal attitude towards Germany and the defeat of the naval proposals. But nothing could be more undesirable than to exploit Imperial feeling for partisan advantage, and it was certain that even if sound reasons for dissolution could be advanced the contest would degenerate into a quarrel over the attitude of the parties towards the Mother Country.

There was the further consideration that at the emergency session of Parliament the Liberal party, alike in the Commons and the Senate, unanimously supported the war measures of the Government. Even before the House met Sir Wilfrid Laurier told the country that the Opposition would co-operate in all necessary measures to authorize, equip and dispatch contingents, and would favourably consider any legislation to improve the public revenues and maintain the public credit. This pledge was loyally observed by the Liberal leader and his associates during the few days that Parliament was in session. There was not a discordant utterance. There was no flamboyant oratory. There was no suggestion of rivalry, no disposition to compete for popular favour. Throughout there was solemn gravity and profound consciousness of the magnitude of the contest in which the Empire is involved. Never has the Canadian Parliament exhibited such dignity and self control or so finely expressed the temper of the Canadian people.

Naturally the chief speeches were delivered by the Prime Minister and Sir Wilfrid Laurier, but there stand out also an address of simple and moving eloquence by Sir George Foster and a plain, strong, rugged declaration of devotion to the Mother Country by Mr George P. Graham, who was Minister of Railways in the Laurier Cabinet and ranks

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as the chief Liberal spokesman for Ontario. In the speech of Sir Robert Borden there was not much of rhetoric or of emotional appeal. But what he said was singularly impressive and convincing. He stated with adequate detail the position of Great Britain, traced step by step the measures taken by Sir Edward Grey to maintain peace, emphasized the common obligation of Great Britain, France and Germany to respect the neutrality of Belgium, established the responsibility of Germany for the great conflict, and solemnly pledged the resources of Canada in the desperate struggle which the Mother Country without humiliation and dishonour could not evade. Here is an extract from the Prime Minister's address:

"The leader of the Opposition has alluded to the uncertainty of human events, and particularly events such as are before us in the great war which now confronts the Empire. True, the future is shrouded in uncertainty, but I believe that the people of Canada look forth upon it with steadfast eyes. But let me say that while we are now upborne by the exaltation and enthusiasm which come in the first days of a national crisis, so great that it moves the hearts of all men, we must not forget that days may come when our patience, our endurance and our fortitude will be tried to the utmost. In those days let us see to it that no heart grow faint and that no courage be found wanting."

This was his peroration:

"In the awful dawn of the greatest war the world has ever known, in the hour when peril confronts us such as this Empire has not faced for a hundred years, every vain or unnecessary word seems a discord. As to our duty, all are agreed; we stand shoulder to shoulder with Britain and the other British Dominions in this quarrel. And that duty we shall not fail to fulfil as the honour of Canada demands. Not for love of battle, not for lust of conquest, not for greed of possessions, but for the cause of honour, to maintain solemn pledges,

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to uphold principles of liberty, to withstand forces that would convert the world into an armed camp; yea, in the very name of the peace that we sought at any cost save that of dishonour, we have entered into this war; and while gravely conscious of the tremendous issues involved and of all the sacrifices that they may entail, we do not shrink from them, but with firm hearts we abide the event."

In the speech of Sir Wilfrid Laurier there was no exhaustive examination of the evidence and less of argumentative detail. He asserted as firmly as the Prime Minister that Great Britain had no alternative but to declare war unless treaties were to be ruthlessly violated and faith between nations to have no moral sanction. There were many noble passages in the speech and throughout high felicity and dignity. His references to Belgium were sympathetic, passionate and powerful. In these he expressed the heart of Canada. With every day that passes the tide of feeling for Belgium rises until regard and reverence for the heroic Belgian people have become a universal expression.

"We cannot forget" (he said) "that the issue of battle is always uncertain, as has been proved already in the present contest. In invading Belgium, some two weeks ago, the German Emperor invoked the memory of his ancestors and called upon the blessing of God. The German Emperor might have remembered that there is a treaty guaranteeing the independence, the integrity, the neutrality of Belgium, and that this treaty was signed in the last century by the most illustrious of his ancestors, Emperor William I of Germany. He might have remembered also that there is this precept in the Divine Book, 'Remove not the ancient landmarks which thy fathers have set up.' But the German Emperor threw his legions against this landmark in the fullness of his lust for power, with the full expectation that the very weight of his army would crush every opposition and would secure their passage through Belgium. He did not expect, he could not

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believe, that the Belgians, few in numbers and peaceful in disposition and in occupation, would rise in his way and bar his progress; or if he harboured such a thought for one moment, his next thought was that if he met such opposition he could brush it aside by a wave of his imperial hand. He should have remembered that in the sixteenth century the ancestors of the Belgians rose against the despotism of Philip II of Spain, and, through years of blood and fire and miseries and sufferings indescribable, they maintained an unequal contest against Spain—Spain as powerful in Europe at that time as the German Empire is to-day. If there are men who forget the teachings of their fathers, the Belgians are not of that class; they have proved equal to the teachings of their fathers; they have never surrendered; the blood of the fathers still runs in the veins of the sons; and again to-day, through blood and fire and miseries and sufferings indescribable, they hold at bay the armies of the proud Kaiser.”

With absolute unreserve the Liberal leader sanctioned the organization of Canadian contingents and pledged the Opposition to complete co-operation in all such measures as the Government should consider necessary to recruit, equip and transport a Canadian army and meet the heavy expenditures for which the Treasury Department would have to provide. He said:

“It is our duty, more pressing upon us than all other duties, at once, on this first day of this extraordinary session of the Canadian Parliament, to let Great Britain know, and to let the friends and foes of Great Britain know, that there is in Canada but one mind and one heart, and that all Canadians stand behind the Mother Country, conscious and proud that she has engaged in this war, not from any selfish motive, for any purposes of aggrandizement, but to maintain untarnished the honour of her name, to fulfil her obligations to her allies, to maintain her treaty obligations, and save civilization from the unbridled lust of conquest and power.”

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He added:

"It is not only in Ireland that you find this union of hearts. In the two other United Kingdoms the voice of faction has been silenced. Even those who on principle do not believe in war admit that this was a just war and that it had to be fought. That union of hearts which exists in the United Kingdom exists also in Canada, in Australia, in New Zealand. Yea, even in South Africa—South Africa, rent by war less than twenty years ago, but now united under the blessing of British institutions, with all, British and Dutch together, standing ready to shed their blood for the common cause. There is in this the inspiration and the hope that from this painful war the British Empire will emerge with a new bond of union, the pride of all its citizens, and a living light to all other nations."

Mr Graham in the course of his speech said:

"I have a personal regret that circumstances are such—and they are very serious circumstances to me—that I shall not have a personal representative in this contingent, as I otherwise would have had. Had Providence dealt with me otherwise I would have had a son in this contingent. I believe I speak for all Canadians when I say that we are not doing this solely as a matter of duty. It is a privilege that we have as British subjects to show that we are not only loyal and devoted to British institutions, but that we are ready to defend them when attacked. We feel it a privilege to be able to stand shoulder to shoulder with those of the Motherland who, we believe, in this case, are fighting for a wider extension of that freedom which we enjoy."

As a final quotation this passage is taken from Sir George Foster:

"The one solemn thing for us to remember to-day is that there is more to war than the first march out of the troops, the first blare of the trumpet and the first

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flaunting of the flag. What there is more to war has been demonstrated by Belgium in these last thirteen or fourteen days, when their homes have gone up in flames, when their wives and their children have given up their lives, and when their own bodies, as strong and valiant as ours, have been shattered by the grim weapons of war. We have not had that experience. But it may yet be ours, and my word to this House and to this country to-day is to put on the full armour of courage and confidence, not to be daunted by a temporary reverse or by a series of reverses, but to feel sure that justice will burn forth bright and strong in proportion to our readiness to make the necessary sacrifice and as the fires of this sacrifice burn away what is selfish and base in our country, our people and ourselves. Some of our companions and our colleagues march out to-day and will go forward to the front. Let us remember with our best wishes and follow with our deepest prayers those of our comrades who are able to take the sword in defence of liberty and the right. I cannot say more, and I would have been sorry to have said less. The time of trial is upon this country and the Empire. It will do us good in the end, and God and the right will finally triumph."

Apart from the authorization of contingents, it was necessary to find additional sources of revenue and to strengthen the public credit. Here again Parliament acted with complete unanimity. Bank notes were made legal tender. Emergency issues of paper were sanctioned. The Government was empowered to advance Dominion notes upon approved securities. By these devices the bank deposits were secured, and money became available for Provincial Governments and railway corporations whose securities could not be sold in London. The Minister of Finance also effected an arrangement with the Bank of England under which gold was deposited in the Canadian Treasury for the adjustment of international trade balances, and beyond this secured an advance of \$50,000,000 in gold, which both strengthened

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the gold reserve and will permit a further issue of Canadian currency. Other financial measures appropriated \$50,000,000 for the organization and dispatch of the first Canadian Expeditionary Army and laid higher taxes on sugar, coffee, cocoa, cigars, tobacco and liquors.

It cannot be doubted that Mr White has shown high capacity, sound judgment and adequate courage in all his dealing with a difficult situation. While he has had the zealous co-operation of the banks, he has been the master rather than the servant of the financial institutions. At the declaration of war he guarded against any danger of panic by making bank notes legal tender. He required that the banks, as freely as their resources would allow, should continue credits and facilitate commercial and industrial operations. He inspired the country with the conviction that he had all necessary steadiness and resource, while the banks knew that he would not enter upon rash experiments and would regard their sympathetic co-operation as essential to maintain public confidence and make his own measures effective. If it is fortunate that at this crisis Mr White holds the office of Minister of Finance; it is also true that he has had the staunch support of the leaders in banking and finance ever since the war began. There are complaints that the banks have been close-handed, but in democratic communities Governments and banks are the natural objects of suspicion and attack.

Within six weeks from the declaration of war an army of over 32,000 men was dispatched from Quebec. They were borne across the sea by thirty transports under a convoy of British warships. Surely in all history there has been no such striking demonstration of the unity of a far-spreading Empire. But for the time the veil of censorship rests heavily upon the romance and majesty of the mighty instinctive movement of the King's subjects over land and sea to protect their common freedom and cement in blood a common devotion to common ideals. Thus in death and sacrifice the British Empire will be re-enthroned for centuries. A second

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contingent of ten thousand is now recruiting. This will sail in December and will be followed by subsequent contingents of ten thousand as need may require and for so long as the War Office will accept troops from Canada. It has been said that only twenty or twenty-five per cent of the first contingent were native-born Canadians, but in the fact there is no invidious significance. If recruits had been accepted only from the organized volunteer forces, sixty or seventy per cent would have been native-born sons of the Dominion. But an open call was issued and the response from British-born residents of the country was immediate and determined. As they offered they were accepted. In the second and future contingents the Canadian element will greatly predominate. Indeed, the first contingent would have been as quickly recruited if only Canadians had been enlisted. It can be said with simple truth that the competition for places in the contingents is eager and inspiring. Many of those who are volunteering constitute the very best element of the population. They must abandon activities and responsibilities of signal consequence to the communities in which they live. All that has been done is to the honour and not to the reproach of Canada. If the war is prolonged and the exertion be required, at least 250,000 troops could be sent out from the Dominion.

In the west the Imperial spirit is as active and as vigorous as in older Canada. Indeed the western communities strongly protest that they were not fairly represented in the first contingent. There could be no better illustration of the western temper than the appeal of the organized Grain Growers to have each member for next season set aside an acre of land from which the crop would be devoted to the Patriotic Fund. It is estimated that the total would be 50,000 acres and that at 12 bushels an acre the yield would be 600,000 bushels and the probable value over \$500,000. All over the Dominion, in cities, towns, villages and townships, the contributions to Patriotic and Relief Funds have been spontaneous and generous. Apart

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from gifts of food by the Dominion and Provinces to the Mother Country and the British armies, the counties are organizing to send wheat, oats, potatoes, cheese and other food products to feed the unemployed in Canadian industrial centres, for relief of the Belgian refugees and to supplement the contributions to Great Britain from the Federal and Provincial Governments. If anyone doubted that with Great Britain at war Canada would be at war, the facts of this tremendous time give an answer which cannot be misread or misunderstood.

II. FINANCE

FOR a hundred years Canada has had no war at her own doors, and for a hundred years there has been no situation in Europe in the least resembling the present war. The series of wars that occurred between 1853 and 1878 were local and unimportant by comparison with the existing struggle. For twenty-one years, from 1878 to 1899, no serious war took place, and for thirty-one years, from the conclusion of the South African War, the British Empire has been at peace. The effect of distant wars on a comparatively primitive community is unimportant, and neither the Crimean War nor the Indian Mutiny awakened fear in Canadian hearts. Great Britain was adequate, and more than adequate, to fight the Empire's battles and keep inviolate the Empire's coasts. To Canada the Franco-German and the Russo-Turkish wars were just distant echoes, and then came twenty years of peace only remotely disturbed by the Russo-Japanese war. Canada during the war period from 1853 to 1878 was still mainly an agricultural community with comparatively simple relations with the rest of the world. Hence the economic effect of distant war upon her was very slight.

The years since 1880, however, have seen a great change both in the economic organization of the world and in the

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position of Canada. The all-important machinery of international credit has been invented and developed, and, as in the case of other forms of machinery, the development of international credit has moved steadily in the direction of greater centralization. The result has been to bring all countries having any considerable trade into a single credit system, with London as its centre.

The economic history of Canada from 1880 onwards is a part of the complex results arising from the mobilization of the old world's accumulations of capital and their direction to the problem of feeding the new industrial Europe. Not many years before 1880 John Stuart Mill was able to assert in his chapter on the Stationary Stage that a time was coming when the interest on money would be so low that only the very rich would be able to live on the interest of their investment. As late as 1888 Goschen, then Chancellor of the Exchequer, provided in his Budget for the lowering, over a period of years, of the interest on Consols from 3 per cent to $2\frac{1}{2}$ per cent. It is the demand for great sums of money required for the construction of railways over vast food-producing areas outside Europe that has been chiefly responsible for the rise in the rent of capital. The main agricultural or, at least, wheat growing areas of Canada are far from the Atlantic seaboard, far even from the western end of the Great Lakes. It was, therefore, inevitable that railway building should be transcontinental. The Canadian Pacific Railway had a political justification, to unite the Provinces of Canada, but in the main it was based on the idea of agrarian settlement. Competition of still unoccupied lands in the United States deferred the full tide of immigration till about 1900, but the C.P.R. flourished and was the forerunner of a period of development that may be said to have culminated in 1912. Although the main justification of Canada's great railway systems has been agrarian settlement and the transportation of food-stuffs and raw materials, they have brought with them the spirit of industrial enterprise and speculation, and from a relatively primitive agricultural community

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Canada has become a country full of diverse industrial activities. Her exterior trade has grown to large proportions and variety, and her relations with the outside world have, almost suddenly, become important. This process of rapid development has been made possible by the use of foreign capital. Some very interesting particulars of this borrowing were given by Sir George Paish in an address delivered in Toronto in December of last year. At that time he estimated the total exterior debt of Canada as about £600,000,000, of which £500,000,000 had been borrowed from Great Britain. Probably half of this total exterior debt was contracted in the years between 1904 and 1912 or 1913. Thus between 1880 and 1914 Canada had changed from a more or less simple and mainly agricultural community, economically not very dependent on the outside world, to a highly developed though scattered industrial organization, maintaining very intimate relations with foreign markets. Such are the conditions under which, in common with the other Dominions of the British Empire, Canada is called upon to face a condition of almost universal war.

The machinery of international credit, while immensely efficient, is also extremely complex and delicate. International credit has borne, with little more than local disturbance, the wars of the last fifty years, but the effect of the present struggle was that for the time being international credit almost ceased to exist. Each country has had to adopt new and drastic devices for carrying on its business under these conditions, which almost reduced them, at least for several weeks, to the position of communities without organized relations with other countries. Each country has its own special difficulties to meet, the character of which necessarily depends on its general relation to the markets of the rest of the world. It is possible to divide these relations into three kinds, that of creditor nations, such as England and France, of debtor nations, such as Canada and Australia, and a third comprised of those which, like the United States, partake of the character of both debtor and creditor, and are

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neither the one nor the other exclusively. Two phenomena were present in all the cases—virtually all the Stock Exchanges of the world were closed by the first of August, and the machinery of international exchange, by which all the infinitely complex transfers of indebtedness are conducted, was thrown into almost inextricable confusion. It was a quite possible and reasonable course for the creditor nations such as England and France to relieve the situation by enacting at once general moratoria. They were able to take this step without any special disturbance of their credit, because of the fact that the balance of indebtedness was largely and continuously in their favour. This course was not, however, open to the debtor nations and has not been adopted by the Dominion Government, although certain of the Provinces have extended partial moratoria to mortgage debtors.

Before the special difficulties that have to be met by Canada in this crisis are considered, one more classification must be made defining still further Canada's position in the commercial and financial world. From a financial point of view there are three kinds of market. Of these three it may be said that the first is represented by only one market, London. London is the ultimate market towards which all great transactions converge. Secondly there are what may be called central markets, markets upon which the financial business of a country or a group of countries depends; these are represented by Paris, Berlin, New York. The rest of the considerable markets of the world are subsidiary. As far as North America is concerned New York is the central market, and on this continent Montreal and Toronto, as much as Chicago, are subsidiary to New York. The central market of a country or a group of countries is the market of last resort. It is the market where transactions of various kinds can always be carried out at a price. The disposition of the subsidiary market is to absorb, as far as it can, the transactions that are offered, and the balance tends to be absorbed by the central market. This last fact is especially significant

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in regard to some of the most important transactions necessary to Canadian business. For something like 150 years it has happened that the Canadian exporter has found it necessary, in order to obtain the proceeds of his shipment, to sell a certain proportion of his bills of exchange in New York. Canada, in fact, stands at one corner of a triangle, the other two angles being New York and London. The form and variety of the operations carried on in this triangle have necessarily changed, but, roughly speaking, the process has remained very much the same. To be precise, Canadian exporters obtain the money for their goods by drawing drafts on the people to whom they sell. These drafts they sell to the Canadian banks, and, as their main markets are European, the banks become possessed of large credits, chiefly in London. In order to re-transfer these funds to Canada the banks in their turn must sell drafts on London. They cannot sell all these drafts, or even a very large proportion of them, in Canada, and the balance they sell in New York. This proceeding produces large credits in New York, which are available for the purchase of United States goods and investment in temporary loans, or which can be re-transferred to Canada if necessary in gold at a small expense. About August 1 the banks found that they could not liquidate the temporary loans made in the United States, that they could not obtain gold in New York for the purpose of withdrawing their balances there, and that a large proportion of the credits resulting from these three-cornered operations had thus become immobile.

For the year 1913 the foreign trade of Canada showed a surplus of imports of something like \$250,000,000. Adding to that sum interest on foreign loans of somewhere about \$125,000,000, we arrive at a total of \$375,000,000 to be provided for. As against this our borrowings abroad for that year were in the neighbourhood of \$300,000,000. Of our surplus of imports nearly the whole arose in our trade with the United States. That is to say, we borrowed in London, and made our purchases from the United States, and it was

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in that way that the credits established in New York were mainly absorbed. It has happened that the announcement of this war coincided, roughly speaking, with the period during which we export the bulk of our wheat. This, together with an abrupt diminution in our imports, has accounted for the present position of indebtedness of the United States to Canada.

The mobilization of financial power in Canada in the hands of a few banks is fortunately very complete. It makes swift and effective action in a crisis like the present comparatively easy. In the United States the government has to deal with literally thousands of independent banks, each of which tends to be influenced mainly by local considerations. In Canada each of the twenty-four banks has widely scattered branches, and a direct interest in the general financial problem of the whole country. The crisis arose on July 29 when the Stock Exchange closed. Monday August 3 was a holiday, and by the close of that day a proclamation was issued by Government authorizing the Banks "to make payments in bank notes instead of gold or Dominion notes. This action will tend to preserve the Canadian gold supply against demands from foreign sources." It also, of course, prevented runs on the banks by rendering them futile.

The use of bank notes as legal tender is amply justified by the conditions under which they are issued. Besides being limited to less than the paid-up capital and reserves of the banks, they are a first lien on all their assets, including the double liability of the share-holders. In addition 5 per cent of the average issue of each bank is deposited with the Government as a guarantee. Since the bank note became a first lien on all accounts, no holder has lost money on that account. The proportion of security involved is shewn by the fact that in August the notes in circulation amounted to about 114 million and the assets to 1,556 million dollars. A further useful provision was made, that the Finance Minister might issue Dominion notes against approved securities. This enables the banks to liquidate such proportion as they see

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fit of the \$34,000,000 of Government and municipal securities held by them, for which there could, under existing circumstances, be no market. Up to the present the privilege of this power has been used only to a very small extent. The public has been singularly calm, and has shown confidence in the Banks. As was inevitable the deposits for August 31 showed a decline from July 31, but on the other hand they were \$20,000,000 larger than those of the same month in 1913.

The credit system of the country being sound and in good hands, the other problems to be faced become less difficult. Various industrial companies must suffer, but on the other hand some will even gain temporarily during the war; among these are woollen, leather and food-stuff companies. Two outstanding points in the situation deserve special attention. The first is the financial position created by the surplus of imports and the certainty that the supplies of capital from Great Britain must be limited in amount for the present. This may not be very important. In the first place, with the strict limiting of construction that must occur, imports will automatically decline, and in the second place it is not unreasonable to expect that the United States, as a large beneficiary of Canada's trade, may more generally accept payment in securities. The second point is one that could not fail to exist at any given time in a rapidly developing country; it is the existence of various undertakings upon which money has already been expended, and which require more money before they can become productive. For many of these it is impossible to foresee anything but delay and consequent loss, but there are certain undertakings that must be completed. Gaps in railway systems necessary to the economic life of districts settled on the promise of railway facilities are of that class. The situation is, of course, full of difficulties, but the answer is in readjustment and not in ruin. There will be displacement in labour, and for a time unemployment and distress, but the distress will be alleviated and the displaced labour will find occupation in other

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directions. A large proportion of Canadian labour is of a kind that would really adapt itself to agriculture, and the transition will occur less painfully than in older countries where urban habits of life have stiffened into incapacity for farm work.

III. WESTERN LEGISLATURES AND THE WAR

THE war sessions of the western provincial legislatures established records for expedition. The newly elected Government in Manitoba called Parliament for a few days in early September, passed an Act of moratorium to apply for one year; voted a gift of five hundred thousand bags of flour to the Motherland; arranged for a loan with which to carry on special public works; and closed the House to be reassembled at any time before the next regular session, in the case of emergency. Saskatchewan followed Manitoba in the latter part of September, and the Alberta session was held in the middle two weeks of October. The Saskatchewan legislature during its short session passed twenty bills; the legislature of Alberta managed to consider and pass fifty-eight different statutory measures. All of these, it may be said, were designed either directly to further the cause of the Empire in its present great struggle, or to provide means of solving the economic problems which have arisen as a result of the war.

Saskatchewan, besides approving a gift of horses to the British Government, made provision for the expenditure of \$750,000, to assist the Imperial arms, and to meet any expenditures deemed necessary by reason of the existence of a state of war. Another money bill was passed involving the expenditure of \$750,000 in public works in the southwestern part of Saskatchewan, where the crops were a complete failure, and it has been necessary to give special employment to the settlers during the autumn and winter.

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A bill was also passed, providing for the hypothecation of the securities of the province, and thus empowering the Government to raise loans during the continuance of war. An extension of time for the construction of guaranteed lines of railway of the Canadian Northern Railway system, and of lines and terminals of the Grand Trunk Pacific system, was approved. Saskatchewan cities were also given powers to omit the compilation of a tax enforcement return, for a period of one year. Various measures were passed, giving landholders every opportunity to retain or redeem their holdings during a period of two years.

No Acts of moratorium were passed by the Alberta legislature. Instead of diminishing obligations, Alberta resorted to an extension of the provincial system of taxation as a means of increasing revenues. The feature of Alberta's short and busy session was the passing of the Bill providing for a tax on wild lands. This new war-time tax is directed against absentee landlordism in the rural districts of Alberta. It proposes to levy a tax of ten mills on the dollar against all lands which are being held in an unimproved state by speculators and investors. Unless one-fourth of the area of an unoccupied piece of land is cultivated or improved in some way, the owner becomes subject to the Wild Lands Tax. It is estimated that fifteen million acres of Alberta land will be affected by this new tax. Financial provision against emergencies and for unforeseen contingencies, arising out of the war, was made by the province of Alberta, in the passing of a Bill to raise \$3,000,000 on the credit of the province for any term not exceeding fifty years. One million dollars of that amount was to provide for what the treasurer called "unforeseen contingencies." Bills were passed guaranteeing securities for the Edmonton, Dunvegan and British Columbia, and Canada Central Railways. As in the other two prairie provinces, the Alberta legislature commended and ratified the action of the Government of the province for its gift of oats to the British Government, and also pledged its support to any

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subsequent contributions from the resources of the province for the purposes of the war.

IV. SIR JAMES WHITNEY'S CAREER

BY the death of Sir James Whitney, Prime Minister of Ontario since 1905, the Conservative party loses one of the most vigorous, aggressive and honoured of its leaders. He was the first Conservative Premier of Ontario since Confederation. The Government organized at Confederation was a coalition of Conservatives and Liberals under the leadership of John Sandfield Macdonald. He was opposed, however, by a strictly Liberal Opposition in the legislature. John Sandfield Macdonald had held office as Prime Minister during the union of Upper and Lower Canada, but while he had the support of the bulk of the Liberal party there was no hearty co-operation between himself and George Brown, and the aggressive element which was always under Brown's command. The disposition of Sandfield Macdonald was to co-operate with Quebec, while Brown was a resolute opponent of "French domination." Moreover, while Brown united with Sir John Macdonald to accomplish Confederation, Sandfield Macdonald opposed the union movement and maintained throughout the negotiations and the debates in Parliament a cold and even contemptuous attitude towards the provisions of the Federal Constitution. But with the remarkable genius for dividing opponents which distinguished him, Sir John Macdonald persuaded John Sandfield Macdonald to accept office as Premier of Ontario when Confederation was established, probably in the expectation that in greater or lesser degree he would unite Liberals and Conservatives, advocates and opponents of Confederation, in support of the new system. But the Coalition Cabinet survived for only one Parliament. In 1871 the late Edward Blake secured a majority in the

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legislature and under successive leaders the Liberal party governed Ontario until 1905. For such a long and unbroken period of ascendancy by one party there is probably no parallel in British parliamentary history. Sir James Whitney was a law student in the office of John Sandfield Macdonald at Cornwall. For his chief the student developed a great regard. Many of the political opinions of John Sandfield Macdonald he adopted and observed throughout his public career. Partly as a result of this association and partly from his early intimacy with the French people of Eastern Ontario he always maintained a generous attitude towards Quebec and the Roman Catholic minority of his own province.

Although he ranked as a Conservative, the administration of Sir James Whitney was singularly progressive and even Radical in its character and outlook. He had no fear of "the interests," as corporations and financial institutions are described on this continent. From many of the capitalists of the Conservative party he received a grudging support, if any support at all. He was always ready to go as far as hard justice would permit in legislation to regulate and restrain capitalistic combinations. He could be just as resolute to prevent confiscation and protect legitimate investments. The measure to provide for the distribution of electrical energy generated at Niagara to the municipalities throughout the province was strongly opposed, and undoubtedly certain private interests were affected unfavourably. But he held that while the province was not free to generate power at Niagara in competition with the private companies, the right to purchase from one of the existing companies and distribute was clear. The system of distribution thus established now serves a chain of municipalities from Toronto to Windsor. It covers such industrial centres as Hamilton, Brantford, London, Stratford, Galt, Woodstock, Guelph, Berlin and Waterloo. Rates for power and lighting have been reduced and the whole enterprise is self-supporting. Many farmers begin to take advantage of the system. There is better street lighting in many muni-

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palities. The industrial benefits are very substantial. In Eastern and Northern Ontario the Provincial Hydro-Electric Commission is also active in acquiring water powers and organizing local systems of distribution. This undoubtedly was the supreme achievement of Sir James Whitney's Government, and this best illustrates the character of his administration. But the Government also rescued the University of Toronto from chronic poverty, greatly increased the appropriations for secondary and elementary education, provided liberally for the teaching of scientific agriculture and appointed graduates of the Agricultural College as instructors in many counties, softened methods and improved administration in the asylums, effected signal reforms in the treatment of prisoners, and enforced the regulations for control of the liquor traffic without regard to party considerations or undue leniency towards the liquor interests. Probably in no Canadian Province or American State have there been written better chapters in legislation and administration than those which tell the story of the Whitney Government in Ontario. But while in various fields Sir James Whitney was progressive and radical, he was not sympathetic towards woman's suffrage, he resisted the agitation to impose taxation upon land alone, and he would not consider absolute prohibition of the liquor traffic.

In his attitude towards the Mother Country Sir James Whitney was aggressively faithful to the tradition of Sir John Macdonald. He was an earnest advocate of fiscal preferences within the Empire. He was resolutely opposed to all projects of commercial co-operation with Washington. He was a staunch protectionist for Canada. He was eager to have the Dominion assume some adequate portion of the burden of naval defence, and was humiliated by the failure of Sir Robert Borden's naval programme through the action of the Senate. Few men in Canada had made a more profound study of the British constitutional system, or had a more intimate and comprehensive knowledge of British

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history and British parliamentary practice. He was as familiar with the details of British politics as with those of Canada. He had always an absorbing interest in the careers of British political leaders, and on few British questions did he keep a neutral attitude. By his death Sir Robert Borden loses a prudent and sagacious adviser. Within the Conservative party he was second in authority only to the Dominion Prime Minister, and he had knowledge and experience which were invaluable to the Federal Cabinet. It was fitting that Sir James Whitney's last message issued on August 5, a few weeks before his death, should be an appeal for the Empire and an assertion of the duty of Canada to the Mother Country.

"The momentous crisis we now face," he said, "makes plain what Canada's course must be. That course is to exert her whole strength and power at once in behalf of our Empire. We are part of the Empire in the fullest sense, and we share in its obligations as well as its privileges. We have enjoyed under British rule the blessings of peace, liberty, and protection, and now that we have an opportunity of repaying in some measure the heavy debt we owe the Mother Country we will do so with cheerfulness and courage."

Mr W. H. Hearst succeeds to the office of Prime Minister. Like Sir James Whitney, he is a lawyer who resigned a large practice at Sault Ste Marie to enter the Government three years ago. He speaks well, is an able departmental administrator, and is exceptionally influential in the northern section of the province. There is no reason to doubt that he will prove fully equal to the leadership of the Conservative party in the legislature and in the country.

Canada. October, 1914.

AUSTRALIA

FOR the first time in the history of the Commonwealth the House of Representatives and the Senate have been simultaneously dissolved under the constitutional provisions relating to deadlocks. The general election was held on September 5, and the Labour party gained a decisive victory, ousting the Cook Ministry which had come into power after the election of May, 1913. Before the election the state of parties was:

			<i>Liberal</i>	<i>Labour</i>
House of Representatives	..	..	38	37
Senate	..	..	7	29

The slender majority of one in the lower House had enabled the Government to carry on, under highly unsatisfactory conditions and with correspondingly insignificant achievements, until June of the current year, when the request for a double dissolution was granted by the Governor-General, Sir Ronald Munro-Ferguson. The result of the elections destroyed the hopes of the Ministry, the composition of the new Parliament being as follows:

			<i>Liberal</i>	<i>Labour</i>
House of Representatives	..	..	32	42
Senate	..	..	5	31

One Independent was also returned to the House of Representatives. From a practical point of view his vote may be added to that of the Labour majority. While these results do

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not by any means correspond with the relative strength of the parties in the electorates, and in the case of the Senate do but add to the illustrations afforded in 1910 and 1913 of the vagaries of an extravagantly absurd electoral system, the Labour party is undoubtedly entitled to claim a clear victory, which cannot be explained away by the usual theory of Liberal "apathy" and abstention. A Labour Ministry is now in office; with a sound majority in the House of Representatives, and an overwhelming majority in the Senate.

I. THE RIVAL POLICIES

WHEN Mr Cook made his policy speech he placed electoral reform in the front of his programme: proportional representation for the Senate, preferential voting for the House of Representatives, and the restoration of postal voting. There is much to be said both for and against postal voting. Mr Fisher was not long ago one of its leading advocates, on the ground that the sick and disabled should not be deprived of the franchise. But though no proof has been forthcoming that the privilege was extensively abused, as the Labour party now alleges, there is no doubt that if votes are allowed to be recorded otherwise than under official control at a polling booth, stringent precautions must be observed to prevent possible abuses. Preferential voting for the House of Representatives has not become a very prominent question. There is now no third party, and party discipline is so strict that no seats have recently been won on split votes. The Labour party uses a preferential system in all its pre-election ballots and in electing its officers. But considerations of party policy have hitherto restrained the party from advocating its principles in the federal arena. The necessity, from a democratic point of view of changing the method of electing the Senate is not open to serious dispute. But the ultra-democratic Labour party

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has preserved a resolute silence upon this question. Possibly the supreme test of political integrity is to be found in the attitude of party leaders to questions affecting methods of election and distribution of seats. On both these questions the Labour party has failed to answer the test. It now suits the Liberal party to advocate these reforms, but that party must at least confess that, in the days of its power, it did not clearly realize the propriety of the changes which it now regards as so urgent. Australian political parties are just as human as all other parties.

The next plank in Mr Cook's platform was summed up in the following, rather rhetorical, language:

Australia, white, free, federal, fair and just. White not alone in colour, but also in ethical standards; federal in spirit and purpose: fair and free and just in all social, industrial, and human relationships.

(a) Fair and unfettered opportunity to toil and enjoy under the law the fruits of that toil, with corresponding abolition of all unfair industrial discrimination and preference in the employment of the State.

(b) The encouragement of co-operation instead of strife, profit-sharing instead of profit limitation and destruction.

(c) Social reform without the accompaniment of social hate, and the solidarity of the nation, rather than the solidarity of a class.

Mr Cook did well in abandoning an attitude of stolid resistance to all proposals for amending the federal constitution. He advocated a modification of the powers over trade and commerce, in order to give adequate control over combinations and monopolies; an amendment giving power to pass a uniform Companies Act; and an amendment which would make it possible to create Inter-State wages boards, with a judicial tribunal of appeal to give harmony and cohesion to the whole system of regulation. The present system of industrial arbitration, administered by judges of the High Court, is complex and cumbrous. Its procedure is an adaptation of litigious methods, and every employer against whom an award is sought must be served with the plaint issued by the claimant union. The result is

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that hundreds of defendants are joined in the proceedings. There follows a protracted hearing before an overworked judge, who generally begins with a profound ignorance of those details of industrial conditions which must be appreciated before a just or even workable award can be made. It says much for the industry and patience of the judges that the results have been even as good as they have been. After an award is made, there may be prohibition proceedings in the High Court. The Labour party has already striven ineffectually to get rid of the last incident, and one of its twice submitted proposals for the amendment of the constitution would at once get rid of the problem of jurisdiction, and leave Parliament free to experiment in variations and modifications of arbitration or to abandon that method of dealing with industrial difficulties in favour of other modes of regulation. Mr Cook's proposals involve less sweeping constitutional changes and are limited to making provision for acknowledged defects.

The Commonwealth Bank is now under the sole control of its governor. Mr Cook proposed the appointment of a directorate to assist him, and also urged that the control of the note issue and gold reserves should be vested in the Bank. Among other financial proposals were the consolidation and transfer to the Commonwealth of the State debts, and the creation of trust funds under the control of commissioners for public works in the Federal Territory and the Northern Territory. He was at one with the Labour party in promising an early amendment of the tariff and an immediate adjustment of such tariff anomalies as were already ascertained; but while Labour expressed readiness to increase the protective stringency at once, Mr Cook preferred to await the report of the Inter-State Commission before committing himself to any important changes. There had been an attempt in a section of the press to retrench the rapidly growing defence expenditure, but neither Mr Cook nor Mr Fisher gave any support to these proposals. Both leaders insisted upon the paramount necessity of

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efficient provision for defence. A distinctive feature of the Liberal programme was the emphasis laid upon the importance of encouraging suitable immigration. Mr Cook said:

If our defences are to be effective, the staying power of the nation must be increased as the strain becomes heavier. . . . The real remedy (for the burden of defence expenditure) is not to lessen the bulk and weight of the burden but to increase the power to carry it by the multiplication of burden-bearers.

Mr Fisher, in his policy speech, said nothing at all about immigration. He stated the party policy in reference to defence expenditure in the following terms—"The Labour policy as regards defence finance is that all expenditure in time of peace shall be provided out of revenue, leaving in reserve all other resources, to be drawn upon to ward off attacks from enemies." (Admiral Henderson's estimate of the cost of permanent naval works is about £20,000,000 to be spread over eighteen years). In fact (in February, 1913) the Fisher ministry had purchased the Fitzroy Dock and State Shipbuilding Yard from New South Wales for £875,000; this sum is still owing to New South Wales, and is carrying interest at $3\frac{1}{4}$ per cent per annum. But perhaps there is a distinction between leaving money owing and borrowing money. There is no doubt that the genuine enthusiasm of the people in defence matters (even before the present war was thought of) led them very generally to approve of the proposal that they should shoulder the burden themselves, instead of passing it on to posterity. Australia has been very prosperous since 1902, and, with the rapidly developing national self-consciousness, platform eulogies of a non-borrowing policy can be relied upon to elicit applause. It is interesting to remember that the New South Wales Labour party got into power upon similar promises; but, quickly realizing what politicians commonly call "the necessity for a policy of progress and the pre-eminent need of developing the resources of the State,"

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the Holman Ministry proceeded to borrow as much and as often as possible.

Mr Cook outlined a striking programme of developmental works on the Murray River, and in the Northern Territory. At last it is realized that the latter country has not reached the agricultural stage, and that its immediate future lies in stock raising or mineral developments. The two leaders agreed upon the necessity of repressing harmful trusts and combines and of establishing a uniform railway gauge. In each case guarded promises were made of a civil service superannuation scheme and of an increase in the old age pension, "if circumstances permitted." The civil service vote looms large. The old age pensioners are numerous. The Liberal party also promised a system of national insurance against sickness (including maternity), accident and unemployment. This proposal has never been fully placed before the public, but apparently it was intended to follow the general lines of the British National Insurance Act.

The Labour attacks paid special attention to the granting of the double dissolution, finance, the cost of living, the alleged unwillingness of the Liberals to attack trusts and combines, and Sir William Irvine, the Liberal Attorney-General who is the platform *bête noire* of the Labour party. It would be wearisome to recite points in the financial controversy. Briefly, Labour alleged that it left a surplus on going out of office and that the Liberals, in one year of administration, turned the surplus into a deficit. This was true, but the Liberals' answer was that the deficit was the result of expenditure which the Labour party when in office had already incurred, and for which their successors had to find the means. Owing principally to a greatly increased customs revenue, and to the land tax receipts, the revenue increased from £15,500,000 in 1909-10 (Liberals in office) to £21,900,000 in 1912-13 (Labour in office). The Commonwealth expenditure (apart from payments to the States) also increased enormously—from £8,160,000 in 1909-10 to nearly £15,400,000 in 1912-13.

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Had it not been for the remarkable increase in revenue, due, apart from the land tax (about £1,400,000 per annum) to causes not connected with party politics, the Labour party could not possibly have spent money as it did without the aid of loans or very heavy additional taxation. Connected with the subject of finance is that of the increase in the cost of living. Every party is praised or blamed for what happens while it is in office. Once upon a time a monarch was blamed for a comet; nowadays a political party claims the credit for a good harvest, and blames its opponents for a bad one. Mr Fisher stated in his policy speech that "the cost of living had increased all over the world," but he preserved his customary serious demeanour when he said, "They (the Liberals) are strangling the industrious workers of this community by permitting the unprecedented increase in the cost of living." If the monarch did not cause the comet, he at least "permitted it."

Turning now to the Labour programme, Mr Fisher promised to re-submit to the people the proposals for the amendment of the Constitution.* For the primary producer, he would provide:

State agencies which will carry the produce of farm, of station, of mine, and of orchard to the markets of the Commonwealth and to the markets of the world, with the least possible delay and expense, and with absolute security of full revenue to the producers for their products. Concurrently with that must go the establishment of agencies in the markets of the world, and the employment of the State credit to advance to the producers a substantial percentage of the value of the products at the lowest rate of interest, and full settlement with them of the prices realized immediately after the sale.

This simple and modest proposal reads like a prospectus of a very dubious kind. Side by side with this prospectus was set another alluring scheme:

We propose to establish a line of steamers between the mainland and Tasmania and overseas. The latter should be of increased speed, with resultant advantages to the passengers, shippers and the general public alike.

* See ROUND TABLE, No. XI, pp. 537 *et seq.*; No. XII, pp. 729-731.

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These proposals were very popular with audiences during the campaign and probably they won many votes.

Mr Fisher gave a somewhat ambiguous support to the initiative referendum. *The Melbourne Age* sought, with not very conspicuous success, to make the adoption of this American device the main issue of the election. It will be interesting to see whether the Labour party will make any serious attempt to introduce it in a practicable form. It would not be at all difficult to introduce it in an impracticable form.

Mr Fisher's most attractive item at his last successful election was the maternity allowance, irreverently but universally described as "The Baby Bonus." At this election it was not babies and mothers, but widows and orphans. He gave no details of his scheme for their relief. He did not indicate how the provision already made by the State and by various private agencies was inadequate or unsuitable. He spoke with great pathos of their sad lot in life. He pointed out that orphans generally are "innocent of their condition" and that "they will always be with us." He did not say how he proposed to deal with this newly discovered problem, nor did he show that the Commonwealth had power to deal with it under the Constitution. Nothing had previously been heard of the pressing urgency of this social question, but, as soon as Mr Fisher had spoken, "pensions for widows and orphans" became the prominent item at Labour meetings, and drew warm-hearted rounds of applause whenever mentioned. Sir William Irvine spoke of "bribing the electors" and "soup kitchen finance." Other Liberals asked for a reason why the Commonwealth should, unasked, assume a new burden of indefinite weight. But the critics were accused of having hearts of ice, and Labour, as the "party of humanity," rolled triumphantly towards the polls.

The Election and the War

II. THE ELECTION AND THE WAR

UPON these party squabbles there suddenly fell, first the shadow, and soon the reality of the great war. Questions of politics were forgotten. Political meetings almost lapsed. The page and more of election news in the daily papers shrank to a few lines. But the party leaders had truly declared the mind of Australia. Mr Cook said on July 31:

Remember that, whatever happens, Australia is a part of the Empire, and is in that Empire to the full. Remember too that when the Empire is at war, Australia is at war. . . . All I want to say is that our efforts in Australia are for the Empire and for the security of the Empire.

Mr Fisher said:

Should the worst happen after everything has been done that honour will permit, we Australians will help and defend the mother country to our last man and our last shilling.

Every public man spoke in the same spirit. The rapid development of events left no time for doubt or hesitation, and only some of the Socialist papers struck any discordant note. The outbreak of war and Sir Edward Grey's statement united the people in emphatic support of the position already taken up by the leaders of the political parties, in approval of the measures of co-operation announced by the Government and in readiness to make the sacrifices that would be called for. If at first there was some failure to realize the magnitude of the struggle in which we were engaged, the knowledge which the last seven weeks has brought us finds the Australian people to-day facing the ordeal of the great war in a grave spirit of determination.

When Great Britain declared war, the Ministers were already busy in their departments. They acted in consultation with their political opponents, Messrs Fisher, Hughes

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and Pearce. They made arrangements for dealing with financial disturbance and, as far as possible, with any attempts to inflate prices unduly. The Stock Exchanges closed, but except for a short time in Sydney, there was not a run upon a bank in Australia. The Ministry abandoned politics, and for a fortnight no Minister delivered a political address. But they prepared for the dispatch of an expeditionary force of 20,000 men, complete in all branches that Australia can provide: infantry, light horse, field artillery, engineers, signallers, medical and army service.

The difficulties of the Executive under the English system in meeting an emergency without the support of Parliament, the example offered by all parties in England of sinking internal differences, and the belief that the public mind was too much engaged with the war to entertain any other matter of politics, led to a feeling amongst people of all parties that the general election should be "called off." Amongst those who pressed this course, Mr Hughes was the most prominent and most insistent. Without abating any of his ardour in the conflict, and while indeed directing especial attention to the foresight and capacity of the Labour defence policy and administration as compared with that of their opponents, he made several suggestions for avoiding the election and providing for an immediate summoning of Parliament. The first of these was, that before nomination day, both parties should withdraw all opposition to sitting members. In fact, the Opposition candidate in Mr Cook's electorate was withdrawn, but the leaders of neither party could have answered for all their candidates, and there were some independent candidates owing allegiance to no party. Further, the Government only had a majority of one in the old Parliament, and one of their members—the Postmaster-General—was not seeking re-election. Secondly, Mr Hughes suggested that the proclamation dissolving Parliament should be revoked and the old Parliament re-established without any election. Of course, such a scheme is constitutionally

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impossible. Thirdly, he suggested that the Imperial Parliament should be asked to pass a short Act re-establishing the old Parliament.

Mr Hughes's gift of tongue does not include a conciliatory manner towards his opponents, and his suggestions were not hailed as generous advances by Ministers. The Government refused absolutely to take any step for the revival of the old Parliament. It had become absolutely unworkable under a Ministry of either party, and on August 2 Mr Fisher had observed very frankly that "a great deal had been said about 'party' and 'non-party,' but that was only a pretence, as nothing could be done in Parliament unless one side or the other was returned with a workable majority."

A formal coalition was not suggested. An important factor in the situation from the Ministry's point of view, of course, was that any of the schemes would involve the total abandonment of the dissolution of the Senate, so that when in the ordinary course the House of Representatives should come to be dissolved, a victory at the polls would bring the Liberal party nothing more than a second term of humiliation at the hands of the Senate. It was this factor which made it impossible to dissociate any of the possible courses from a consideration of their effects on the situation of parties.

The Labour party followed Mr Hughes, not Mr Fisher, and adopted the line that the offer of a truce had been refused, and that the Liberals were entitled to no mercy. Mr Cook made an appeal to the people "to exercise soberly and dispassionately their capacity for self-government." On August 24, the Labour party issued a manifesto "making only passing reference to all other issues than those directly arising out of the war." The manifesto blamed the Liberal party for "forcing on an election" at so critical a time. Its author proceeded to state that "in this hour of peril there are no parties so far as defence of the Empire is concerned," but went on to claim that "to

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the Labour party alone " was it due that Australia could defend herself, that she could dispatch 20,000 men to fight to aid the common cause, and that she had a " fleet in being." The manifesto proceeded to set out the deeds of the Labour party and the misdeeds of the Liberal party in matters of defence. The Liberal party naturally retorted, and the election campaign degenerated into a series of claims and counterclaims to the merit of having established the defence system.

The facts are clear enough in outline. Originally no party was particularly enthusiastic about defence, and the Labour party, with the notable exception of Mr Hughes and a few others, was " anti-militarist." The change in the international situation in 1908-9 affected the views of members of both parties. The Liberal party passed the legislation bringing in compulsory defence and establishing an Australian Navy, and Mr Cook actually ordered the ships of the Australian Navy in December, 1909. The Liberal party arranged for visits and reports from Lord Kitchener and Admiral Henderson. The Liberal party was defeated in the Elections in April, 1910. The Labour party received the reports, and acted upon them, making certain amendments in the Liberal legislation which by general consent embodied improvements. Thus both parties are entitled to claim credit, but neither party is entitled to claim all the credit.

III. THE RESULT

THERE was a very large poll at the election, 71·2 per cent of the voters on the rolls recording their votes. In the House of Representatives the sitting candidates were returned in every state except Victoria, where the Liberals lost four country seats (one to an Independent candidate) and New South Wales, where the Liberals lost two country seats. In Victoria current opinion assigns some share in the Liberal loss to resentment at the hostility of

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the Legislative Council. In the Senate, the Liberals obtained two seats in New South Wales, two in Tasmania, one in South Australia, and none in the other States. In South Australia the success of a single Liberal candidate was due to the fact that the South Australian Labour leader, Mr Gregor McGregor, a member of the last Labour Ministry, died after the close of nominations. Thus only five Labour candidates were left for six seats, and as six candidates must be voted for to make the ballot paper valid, the party concentrated its votes upon a single Liberal candidate, who was returned by an enormous majority at the head of the poll. But for the regrettable death of Mr McGregor, the Labour party would undoubtedly have thirty-two senators out of thirty-six. For practical purposes it might have been a good thing if the party had won all the Senate seats. It would have been a still more palpable *reductio ad absurdum*.

Comparing the votes cast in the constituencies for the two parties respectively with their representation in Parliament it is found that the 52 $\frac{3}{4}$ per cent of the electors who voted for Labour returned 56 per cent of the members of the House of Representatives, while in the case of the Senate they returned no less than 86 per cent.

Shortly after the elections the Labour party met in caucus and elected the following Ministry:

Prime Minister and Treasurer	..	Mr Andrew Fisher (Q.).
Attorney-General	.. ..	Mr W. M. Hughes (N.S.W.).
Minister for External Affairs	..	Mr. J. A. Arthur (V.).
Minister for Defence	.. ..	Senator Pearce (W.A.).
Minister for Trade and Customs	..	Mr Frank Tudor (V.).
Minister for Home Affairs	.. ..	Mr W. O. Archibald (S.A.).
Postmaster-General	Mr W. G. Spence (N.S.W.).
Vice-President of the Executive Council	Senator Gardiner (N.S.W.).

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Assistant Ministers Mr H. Mahon (W.A.).
Mr J. Jensen (T.).
Senator Russell (V.).

This Ministry is probably as strong and able a combination, with one exception, as could have been selected. Mr Fisher, Mr Hughes and Mr Pearce are universally regarded as men of high political capacity. Mr Tudor and Mr Mahon have held office in other ministries, and have proved themselves to be efficient administrators. Mr Arthur is a Victorian barrister of marked ability, who has only been in Parliament for one year, but who has undoubtedly proved his fitness for high office. Mr Archibald has the reputation of being a sound and solid man, and he has earned the respect of his political opponents. Mr Spence is the head of the Australian Workers' Union, the strongest union in the Commonwealth. He has great organizing ability, and will find full scope for his powers in the Post Office. Mr Jensen and Mr Russell are not so well known as some of their colleagues, but they too have earned their positions by useful and capable work for the party. Three members of the last Fisher Ministry were rejected by the caucus—Mr King O'Malley, Mr Josiah Thomas and Mr E. Findley. It is the general opinion that the present Ministry is more capable than its Labour predecessors of 1910-1913.

Mr Fisher will have unanimous support in all action necessary for the dispatch of the first expeditionary force and the other contingents which are already being prepared. Mr Cook and Sir William Irvine have already promised to stand behind the Ministry in everything connected with the war. The Parliament as a whole is pledged to legislate for more effective protection, and, in normal circumstances, there would have been little difficulty in imposing higher duties on a number of imported articles. But the Commonwealth revenue is mainly dependent upon the customs receipts, and, if to the effect of war there be added a diminution of imports caused by higher duties, the financial position may become very serious. Further, our wool is

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being stored instead of being sold in the ordinary course. According to present prospects the season is one of the worst which Australia has ever experienced. The wheat harvest is a failure, and the drought is killing many of the sheep and cattle of the continent. The dispatch and maintenance for one year of the first expeditionary force will, it is estimated, cost about £5,000,000. Other contingents are to follow, the navy must be maintained, and local defence must be provided for, whatever the cost may be. The occupation of German New Guinea and the Bismarck Archipelago, and, we hope, of other Pacific islands, will mean still further expense. Mr Fisher has declared, since the election, that he will carry out his election promises, notwithstanding the changed conditions, and will also provide such relief works as may be required. If, in addition to the abnormal burdens already mentioned, the Commonwealth is to embark upon a gigantic carrying system on sea and land, with agents in all parts of the world, and is to establish pensions for widows and orphans, it is clear that the Treasurer will need all his skill if he is to weather through. However, it is a good thing to have a workable Parliament once more, and the general recognition of the difficulties of the situation, combined with the universal and enthusiastic ambition to help the Empire, in the interests alike of the Empire and ourselves, will strengthen Mr Fisher's hands and will bring him much good will and assistance even from his most strenuous opponents. Certainly no one will venture to suggest that the verdict of the electors signifies any disapproval of the late Ministry's active co-operation with the Imperial Government. The country has decided to "change the guard," with full confidence that those who are called to the post will be as strenuous and as devoted to the common cause as their predecessors.

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IV. THE GOVERNMENT AND THE WAR

IN the preceding survey something has been said of the measures taken on the outbreak of war. Of these the most important were the immediate transfer of the Australian navy to the orders of the Admiralty, and the offer of an expeditionary force for service abroad. The departure of the fleet on service was followed a month later by the occupation of German New Guinea by the naval expeditionary force. The expeditionary force of 20,000 was soon recruited and went into training, and arrangements were made for transport. Meantime, the schemes of action outlined by the War Office and the Admiralty to be put in force on the outbreak of war were carried out and a part of the Citizen Forces was called out for training. In Australia as in England measures for ensuring financial stability and continuing the operations of commerce and industry, with as little interference as was possible, had to be considered and arranged.

The Ministry met the representatives of financial, industrial and commercial organizations, and subsequently a conference of Federal and State Ministers was held, at which Mr Fisher, then still leader of the Opposition, was present.

The main purpose of the conference was to consider means for minimizing the amount of unemployment due to the existence of war, in view of the temporary shutting off of supplies of capital from investors abroad and the dislocation of industry through the disturbance of markets for Australian commodities. The States had large undertakings for public and developmental works; commercial and industrial operations were dependent on financial support. On the other hand, ten years of prosperity had led to large accumulations of wealth in the country which put it in a position of unprecedented strength for standing the strain. The

The Government and the War

decision of the Conference announced by the Prime Minister was a determination to place the credit of the Commonwealth and the States behind the banks, if and when necessary. According to an unauthorized statement which appeared in the press, the Conference decided first, that if necessary the Commonwealth should make available to the States money for the carrying on of State activities and for general purposes out of the Commonwealth note issue funds, the States availing themselves of this opportunity for borrowing to be required to deposit in gold an amount equal to 25 per cent of the amount borrowed, and to pay interest at 4 per cent; secondly, that if necessary the Commonwealth should make available to the banks such money as might be needed for the carrying on of their arrangements, on the banks depositing with the Federal Treasury an amount equal to $33\frac{1}{3}$ per cent of the amount borrowed, interest to be charged at the current bank rate.

All the Governments agreed to take in hand the task of preventing the exploitation of the public by the holding up of the necessities of life, and in most of the States legislation was passed enabling the Government on the advice of a Board to fix maximum prices and to punish persons refusing to sell at those prices. The powers, when granted, were promptly exercised in the case of wheat and flour, and on an attempt being made to escape the operation of the regulation by declaring wheat for export, the New South Wales Government seized the stocks of seven of the largest dealers. The situation arising out of this has become the more complex, because in Victoria a higher price has been fixed than in New South Wales. Much of the wheat seized is alleged to have been held for sale on behalf of the farmers, and again, much is said to be the subject of contracts of sale already made. The price fixed being below that at which some purchases at any rate have been made, the purchasers naturally complain, and it is roundly alleged that the persons most likely to benefit are the speculators who had "sold short." More important probably is

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the fact that in a disastrous season, which tends to discourage the farmer from putting lands under crop, he is brought face to face with a new element of uncertainty at a time when it is of the first importance that the greatest possible area should be cultivated.

On the recommendation of a Commission presided over by Mr Deakin, the Commonwealth Government prohibited the export of meat, except to places within the British Dominions, and of wheat and flour except to the United Kingdom, and this was followed by an absolute prohibition of all export of these commodities, except under the written authority of the Minister.

New South Wales and Western Australia had other problems to face. In both, heavy public expenditure had been undertaken, and the shrinkage of means both from the closing of the Money Market and the drought promises a serious amount of unemployment. In New South Wales, half time was declared upon public works, and a substantial retrenchment of the salaries of public servants determined on; both measures were generally acquiesced in by those immediately concerned. In Western Australia, the proposals of the Government, in addition to the fixing of prices and the prohibition of export, included restriction of dismissals by employers and a graduated income tax reaching 15 per cent on all incomes over £1,500 a year. These last were rejected by the Legislative Council.

It is evident that whatever governments are in power will be driven to social and economic experiments which are in their effects as incalculable as the issue of the war itself.

Australia. September, 1914.

SOUTH AFRICA

I. POLITICAL ASPECT OF THE WAR

WHEN Parliament was prorogued on July 7 last, no one who was making any plans or forecasts for the immediate future would have given a thought to the possibility of Europe being in the throes of war before a month was over. As far as South Africa was concerned the bolt came from a cloudless sky. When people had time to realize what had happened they found themselves without notice plunged into a situation in which all their familiar landmarks had gone, and everything was doubt and uncertainty. News from oversea was slow in coming, and scarce, and of what did come no one knew how much to believe. Business men found themselves faced with unprecedented conditions—a moratorium declared in London, the Exchanges closed, shipping disorganized. Would South Africa be able to import the supplies on which she depends for subsistence? Would she be able to export the gold with which she buys these supplies? Gradually, however, as it became clear that the Navy could keep the sea open, a solution was found for most of the problems and business quietly adjusted to the new conditions. But these and such like matters were not the only preoccupation of the early days of the war. Men waited with feverish eagerness for news of the first clash of arms, especially of the first naval conflict, and rumour was not slow to supply us with news both of what we hoped and what we feared. Gradually the general plan of the campaign

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became more clearly understood, and then the one question was—what was our part going to be?

In the larger towns there was an immediate and marked demonstration of loyalty to the Empire. The air was full of proposals for raising contingents for service in Europe, and for opening subscription lists for various purposes, more or less clearly defined. In South Africa, however, there is not one public opinion but two. The country districts, especially those which are vaguely but descriptively known as the back veldt, are quite out of the main current of the world's happenings. Books and newspapers are scarce and little used. News travels by word of mouth, and is believed or doubted, not according to its inherent probability but according to the personal influence of the teller and the wishes and predispositions of the hearer. The news of the outbreak of war travelled rapidly through the country, well in advance of any authentic information as to what had really happened. In certain districts it revived ideas which had for long been sown in South African soil from German sources, official or unofficial, to the effect that when the day came for the downfall of the British Empire at the hand of Germany, it was the plan of the victors, not to annex the Transvaal and Orange Free State, but to constitute a new South African Republic under German protection. These ideas were specially prevalent in the Western Transvaal, and, when the outbreak of war became known, rumours spread through this district, coloured by the visions of a local soothsayer, that the Germans were invading the Union and that the burghers were being called out on commando. A number of them actually assembled at one centre in the Western Transvaal, but on being addressed by General de la Rey they dispersed quietly to their homes. In general, however, the attitude of the people seemed to be one of waiting to see what turn events would take in a crisis which had come on them too suddenly to be fully understood.

Everything depended on what action the Government was going to take, and of that there was no indication. From

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the fact that it would not countenance the raising of a force for oversea service, it was generally inferred that active operations were in contemplation against German South-West Africa. On the other hand, there were many who remembered with some apprehension the view expressed some years ago by the principal Government newspaper in the Transvaal—that in a European war South Africa would have, and should exercise, an option whether to be neutral or not. True, the Prime Minister had strongly disavowed any such idea, but it was known to be held by many, and in particular by that section of the Government party which, under the leadership, or rather under the name, of General Hertzog, had gradually become more widely and more bitterly opposed to General Botha's policy. The cause of the division between them was, and still is, a difference of opinion as to the relation of South Africa to the Empire. It was because of his views on this question that General Hertzog had to leave the Cabinet, and round him has grown a party, brought together no doubt in the first instance largely by personal animosities to the leaders of the Government party, but having as a common policy the principle that South Africa, while nominally a member of the Empire, is in no respect bound to have regard to any Imperial interest, when it involves, or would appear to involve, any sacrifice of her own. Their object is South African independence, veiled for the present, and so long as mutual interest makes it desirable to both parties, under the name of partnership. In its more moderate form this attitude is well expressed by a prominent citizen of Bloemfontein in a letter to the *Friend*, the leading paper in the Free State, which, it should be added, strongly disapproves of the writer's views:

“I do not propose to-day to declare war against the Empire. It might be necessary some day if statesmen become less wise, but in my scheme of things, the Great Partnership will in course of time, if we are true to ourselves, be either indefinitely renewed or permanently

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dissolved by nothing more violent than consent. We remain good friends and continue to do good business, which, if it is not the only reason why the partnership exists, is certainly the only way the partnership can exist, and the Empire thrive."

Other exponents lay less emphasis on the "good friends and good business" aspect, and more on the alleged subordination of the national interests of South Africa to a remote and cosmopolitan Imperialism.

When Parliament met, the policy announced by the Government was such as to throw the glove down at once to the champions of neutrality. There was no question in the mind of the Government of standing aside. They had offered their help to the Imperial Government in whatever form it might be most acceptable, and they had been asked by the Imperial Government, and had agreed, to undertake an expedition against German South-West Africa. Even to those who could only judge of the feelings of the people of the country districts from a distance it was clear that this was not a project which at first blush would be acceptable to them. The war had come so suddenly that they had barely had time to realize what it meant, still less to understand why they should attack a neighbouring territory from which South Africa had received no open menace. We have it from the speeches of ministers made since that the majority of the Government supporters came to the special session of Parliament opposed to any aggressive policy in South Africa, though after having the position explained to them they came round to the Government view.

At the opening of Parliament, His Majesty's message was presented and an address in reply was moved by the Prime Minister, seconded by the Leader of the Opposition, as follows:

"This House fully recognizing the obligations of the Union as portion of the British Empire respectfully requests His Excellency the Governor-General to

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convey a humble address to His Majesty the King assuring him of its loyal support in bringing to a successful issue the momentous conflict which has been forced upon him in defence of the principles of liberty and of international honour and of its whole-hearted determination to take all measures necessary for defending the interests of the Union and for co-operating with His Majesty's Imperial Government to maintain the security and integrity of the Empire and further humbly requesting His Majesty to convey to His Majesty the King of the Belgians its admiration for and its sincere sympathy with the Belgian people in their heroic stand for the protection of their country against the unprincipled invasion of its rights."

To this an amendment was moved by the Labour party by way of an addition in favour of a general reduction of armaments after the termination of the war and other somewhat academic principles. It was, however, afterwards withdrawn. A further amendment was made by General Hertzog to the following effect:

"This House being fully prepared to support all measures of defence which may be necessary to resist any attack on Union territory is of opinion that any act in the nature of an attack or which may lead to an attack on German territory in South Africa would be in conflict with the interests of the Union and of the Empire."

The speeches in support of the amendment by no means confined themselves to an attack on the policy of the Government in regard to operations against German territory, but also either cast doubt upon or openly impugned the justice of the British cause in the war. Bitter personal attacks on the Prime Minister, and references to the South African war which could only have the effect of reviving racial hatred, shewed what influences were being brought to bear on the public opinion of the country. In Parliament, however, the Government had a decisive victory. The

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Hertzogite section were in a minority of twelve against a majority of ninety-two composed of the Government party, the Unionists and the Labour party. Of the seventeen members from the Free State, which has been the stronghold of the Hertzog section, only nine, including General Hertzog himself, voted for the amendment. One of them, moreover, has since publicly recanted and gone round to the Government. Seven voted with the Government. In the Senate a minority opposed the address on similar lines. General de la Rey spoke against the policy of attacking German South-West Africa, but his loyalty to the Government and to General Botha would not allow him to vote against it.

It was soon evident, however, that the opponents of the Government policy were prepared to go further than a debate in Parliament. Parliament rose on Monday, September 14, and on the following day General Beyers, the Commandant-General of the Defence Force, handed his resignation to the Defence Department in Pretoria. The Minister of Defence with the other members of the Government was then in Cape Town. General Beyers, without waiting till the long letter containing his resignation and the reasons for it could reach the hands of the minister to whom it was addressed, gave a copy to the *Volkstem* on the previous day, with instructions that it was to be published on the day following—i.e. on the 15th, the day on which it was dated. It was therefore intended to be published before it could reach the minister. The Government, by means of the Press censorship, prevented its publication till the following Monday, when it was published together with the minister's reply. Both the letter and the reply are remarkable documents. General Beyers in his letter gives as the reason for his resignation a profound dissent from the policy of the Government in proposing to send an expedition to German South-West Africa. He then proceeds to make some very bitter comments on the British case as against Germany which shew clearly where his sympathies are in the struggle. Britain, he says, poses as the protector of small nations, but

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what about her action against the Orange Free State and the South African Republic? How did she respect the Sand River Convention? War is being waged, it is said, against German barbarity, but what of the barbarities perpetrated during the South African war when, with few exceptions, all the farms, not to mention many towns, were Louvains? The letter indeed is not merely a resignation of his office and rank but a declaration of war against the Empire. Beyers, the politician, whose speeches at the time of the grant of responsible government to the Transvaal caused no small anxiety to those who were striving to obliterate the bitter memories of the past, reappears from behind the mask of responsibility which, as Speaker of the Transvaal Legislative Assembly and afterwards as Commandant-General of the Defence Force, he has borne and borne well. The reply of General Smuts began by stating that while he (the minister) knew that General Beyers objected to the undertaking of war operations in German South-West Africa, he had no idea that General Beyers contemplated resignation. On the contrary all the Government information had been communicated to him, all plans were discussed with him, the principal officers were appointed on his recommendation and with his concurrence, and the plan of operations being followed was largely one which had been recommended by him at a conference of officers. The minister goes on to say that his last instruction to General Beyers before leaving for Cape Town had been that he should visit certain regiments on the German border, it being well understood that, as soon as the war operations were somewhat further advanced, he (General Beyers) would take the chief command. After some severe criticisms of General Beyers's hostile references to Great Britain, the minister concludes as follows:

“You speak of duty and honour. My conviction is that the people of South Africa will in these dark days, when the Government as well as the people of South

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Africa are put to the supreme test, have a clearer conception of duty and honour than is to be deduced from your letter and action. For the Dutch-speaking section in particular I cannot conceive anything more fatal and humiliating than a policy of lip loyalty in fair weather and a policy of neutrality and pro-German sentiment in days of storm and stress. It may be that our peculiar internal circumstances and our backward condition after the great war will place a limit on what we can do, but nevertheless I am convinced that the people will support the Government in carrying out the mandate of Parliament in this manner which is the only legitimate one to fulfil their duty to South Africa and to the Empire and maintain their dearly won honour unblemished for the future."

The two letters are in effect manifestoes addressed to the people of the Union, and more particularly to the Dutch section of the people, and they shew clearly the line of cleavage between the two parties which divide that section. In the meantime General Beyers's manifesto, which had been intended to appear on the 15th, had been kept back, but his resignation had been announced and rumour supplied the reasons. Reference has already been made to the somewhat disturbed state of feeling in the Western Transvaal. In that district General de la Rey lived and wielded an almost patriarchal influence. On his return from Cape Town he met General Beyers, and it was arranged between them, at General de la Rey's request (according to evidence given by General Beyers at the judicial inquiry which followed the events of that fateful night), that they should travel to Potchefstroom by motor car that night (the 15th), and thence to General de la Rey's home at Lichtenburg.

At Potchefstroom General Beyers intended to visit a regiment of the Defence Force which was in camp there, consisting mostly of men from the country districts of the Western Transvaal. He intended (as he stated in evidence) to address them as their ex-Commandant-General and as a leader of the people. He and General de la Rey were then to

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address the people at Lichtenburg in opposition to the Government policy. What he meant to say and what he meant to do afterwards, and what part General de la Rey was intended to play, we cannot say, for suddenly, as if by an unseen hand, the current of events was turned aside by a terrible tragedy. The two generals left Pretoria by motor car about 7 p.m. by the road which took them through Johannesburg. Now on that evening in Johannesburg the police were making a desperate effort to capture a gang of bandits who had been committing a series of burglaries and shooting at sight anyone who interfered with them. On that afternoon they had been traced to a house in the suburbs by some detectives, who tried to arrest them, with the result that one of the detectives was shot dead and the bandits escaped in a motor car. Armed patrols were thereupon ordered out on all the main roads leading out of Johannesburg, with instructions to stop and examine all motor cars, particularly any resembling that in which the bandits had escaped. Approaching Johannesburg from the north-east, the two generals were challenged at the eastern end of the town, and again once or twice as they were passing out through the western end, but in each case they took no notice of the police but drove through them at a high speed. Finally, near the western boundary of the town, they were challenged again, and again drove through the patrol without response. One of the police fired at the wheel of the car with the intention of disabling it, but the bullet struck the road and, ricochetting, hit General de la Rey and killed him instantly. Shortly before, by a strange coincidence, an almost similar tragedy had been enacted on the main reef road east of the Johannesburg boundary, the victim being Dr Grace, a well-known doctor on the East Rand.

General de la Rey was respected by every one and beloved by those who knew him, and the news of his death sent a shock through the whole country. A vast concourse of people assembled at his funeral, and were addressed by General Botha and also by General Beyers, who took occasion

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to dissociate himself from any intention of causing or advising rebellion. On the following day General de Wet and General Beyers and others took advantage of the presence in Lichtenburg of a large number of the country people to hold a meeting at which they condemned in strong terms the policy of the Government. Their object was, moreover, not merely to pass resolutions, but to induce their countrymen serving in the Defence Force to refuse to go on active service if called out under the provisions of the Defence Act, and to attempt a sort of mutiny by passive resistance. To this the Government had an effective counterstroke. On the day after General de la Rey's funeral, General Botha announced that to obtain the additional men required for the expedition, the Government would call for volunteers, and that he himself would take the command. General Botha has a gift—almost a genius—for grasping difficult situations and doing the thing which carries people with him. In this case the effect of his decision was to turn the whole position of his opponents. In the towns, of course, the people had been with the Government from the beginning, and the announcement of General Botha's decision to take command filled them with enthusiasm. In the country opinion moves more slowly, but the influence of members of Parliament returning to their constituents, and the personal loyalty to General Botha, which is still a great force, especially among men who were his commandants in the war, have already had a noticeable effect. All visible indications go to shew that General Botha will certainly carry the country with him, including the great majority of the Dutch people, on the issue which has been raised. There will still be a minority, whose attitude towards the Empire will vary from unwilling acquiescence to active disloyalty. How far they will go in overt opposition to the Government will depend on the good sense of their leaders and the manner in which their propaganda is received by the people and dealt with by the Government.

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The existence of German South-West Africa on the flank of the trade route to South Africa and via the Cape to the east, with its harbours and its powerful wireless installation, is already a serious menace to us, and one which in time would have made itself much more acutely felt than it has as yet been able to do. The annexation of that territory, however, should that result from our expedition, will not be the most important result of the step which has been taken. For South Africa the war has come as a definite call, and has brought to the test those theories of neutrality and partnership-at-will which attracted many simply because they allowed the obligations which attach to our membership of the Empire to be so conveniently put aside. The war has made a call which must be answered one way or another. Even a partnership of the "good friends and good business" sort referred to above would hardly survive if, when the senior partner was engaged in a life-and-death struggle, the junior stood by with folded arms. The Government has answered the call in unmistakable terms, and General Botha, by his personal lead, has done more to unite the country and abolish racial suspicion than years of political controversy would have achieved. There is a dissatisfied minority, no doubt, but they have lost much of their power by having to declare themselves, and having definitely come out against the Government they no longer exercise an influence inside the councils of the party.

The political effect of the war may be summed up by saying that it has banished politics. People of all shades of opinion, with the exception of the Hertzogite section described above, and a few anti-war Socialists, are solidly behind the Government and prepared to see it through the present crisis. A general election takes place next year, but, even if the war is over by then, it may be doubted if an election will find the political hosts ranged where they were before. The old party cries may sound, but, with the new issues raised by the war, men's ideas

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may have changed as to whether these are the most important things before them.

This change of outlook, a new sense of the privileges and responsibilities which membership of the Empire entails, the stronger unity which comes through trials and sacrifices freely undertaken in a common cause, may well be more to the Empire of the future than many square miles of added territory.

II. INDUSTRIAL AND FINANCIAL ISSUES

IN order to appreciate clearly the effect of the war on the commerce and industries of South Africa, it is necessary to bear in mind various facts which are characteristic of our present industrial condition. In the first place manufactures are not yet highly developed here. Our external trade consists largely of the export of primary products such as minerals, precious stones, pastoral and agricultural produce, and the import of foodstuffs (in which we are not yet self-supporting) and manufactured articles. Then some of the products which bulk largely in our returns are of the nature of luxuries, for which the demand is immediately affected by changes in taste and fashion, or by financial stringency. Chief among these are diamonds and ostrich feathers. On the other hand, by far the largest item in our export list is gold, the demand for which was not reduced by the war, though its production was made at first more difficult by the fact that many of the requisites, such as zinc and cyanide, were in normal circumstances imported in large quantities from Germany and the Continent. The risks which attended its transit by sea might also have affected its production by preventing its being realized in such a way as to enable the mining companies to pay for their stores and labour.

The following figures show in round numbers the relative importance of our principal exports in the year 1913:

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Total value of South African produce exported £65,000,000

Gold	£37,500,000
Diamonds	12,000,000
Wool	5,700,000
Ostrich feathers	2,900,000
Hides and skins	2,000,000

The items most seriously affected by the outbreak of war were, of course, the diamonds and ostrich feathers. Some time before the war the ostrich feather market had been suffering from a bad depression. A period of great prosperity had led to over confidence. Enormous prices were paid for land suitable for ostrich farming and for birds bred from the best stock. It was easy to forget on what an uncertain foundation the whole fabric was built, and that ostrich feathers do not supply one of the permanent needs of mankind. The decrees of fashion changed, the inevitable slump came, and then, as a last crushing blow, the war, which prevented even the slow liquidation which would have enabled farmers, dealers, and banks to recover something out of the ruin. In time, no doubt, recovery will come. The lucerne lands, which produced such fabulous profits in the form of ostrich feathers, will still be valuable, and more permanently valuable, for dairying or cattle feeding. But, in the interval, while the gear is being changed, there will be much distress in certain parts of the country.

The diamond market before the war had also been feeling the effects of over-production. Before the discovery of the Premier Mine, the De Beers Company could practically control the supply of diamonds, and it was their settled policy to adjust the supply as far as possible to the demand. The theory is that the demand for diamonds is essentially a limited one, and is easily killed by over-supply—or, in other words, that when every one can get diamonds no one will want them. Since the discovery of the Premier Mine, and of other smaller sources of supply, and of the diamond fields of German South-West Africa, the control of the output has become much more difficult. A conference of the principal pro-

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ducers, including a representative of the German Government, on behalf of the mines of German South-West Africa, had been sitting in London shortly before the outbreak of the war and had arrived at an understanding on this vital point. Then came the war and immediately every diamond mine stopped production. The effect of this on the community may be judged from the fact that the value of the diamond export is almost one-fifth of our total exports (£12,000,000 out of £65,000,000) and that the diamond mines in the Union employ over 5,000 Europeans and over 40,000 natives.

Of our other products, leaving aside gold, the most important are wool and hides and skins. The wool of South Africa has hitherto been largely taken by continental buyers, being for the most part of a shorter staple than that used by the English manufacturers. In 1913 of the total export, valued at £5,700,000, no less than £2,700,000 worth went direct to the Continent of Europe, and of this £1,900,000 worth went to Germany. Much of the handling and financing of the wool trade has been in the hands of German firms, or of firms having large dealings with German houses, and across all these connections the war has come like a knife, to say nothing of the disorganization caused by the raising of freights and the closing of the Exchanges in England.

Immediately after the outbreak of war the Government called together the leading merchants and the general managers of the banks, and an arrangement was made for helping the producers and exporters over the block caused by the sudden stoppage of the ordinary channels of business. No attempt was made to deal with diamonds and ostrich feathers, as the position in regard to these was too unsettled, and involved many speculative elements, quite apart from the effects of the war. Maize, of which there is a certain quantity available for export, in spite of the serious drought of the past two years, was also left out, because the market remains open and the only serious difficulty is that of ship-

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ment. For the other products—wool, hides, mohair, etc.—advances will be made by the banks on consignments warehoused under Government certificate up to one-half of the pre-war values, pending shipment and realization.

In the case of the gold, of course, quite different considerations apply. As has been pointed out, the only obstacle which the outbreak of war put in the way of the production of gold were a threatened shortage of some of the accessories, such as cyanide and zinc, which have hitherto come largely from German and other continental sources, and the risks of sea transit. The first has not proved to be a serious difficulty, and the second has been overcome by an arrangement which obviates the necessity of regular shipments of gold. The Bank of England has agreed to pay out in London up to 97 per cent of the value of gold deposited with the Union Government, and the mining companies are thereby enabled without difficulty to finance themselves. The gold mining industry, therefore, which is the main support of our commerce and public finance, goes on, so far as the actual output of gold is concerned, without interruption.

The special session of Parliament, during the five days for which it sat, passed certain measures to enable the Government to deal with the exceptional situation in regard to commerce and industries, but more by way of precaution against possible unforeseen emergencies than because of any actual necessity which had so far arisen. So far, indeed, though there will undoubtedly be distress and unemployment, it does not appear that any dangerous strain will be thrown upon the ordinary commercial and financial system of the country. One of the Government measures gave the Government power, if required, to regulate the price of food stuffs and other necessities, or to take over the supply of such articles, to regulate the supply of intoxicating liquors, and the publication of news, and to prohibit exports. It also enacted a moratorium in respect of obligations (with certain exceptions) contracted before the outbreak of war, by empowering the courts, in proceedings

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for the enforcement of such obligations, or on application by the debtor, to extend the time for payment or allow payment by instalments. The extent of the indulgence to be given is left entirely to the discretion of the court, and it is only to apply in cases where the debtor satisfies the court that he is solvent, and is unable to fulfil his obligations as a result, direct or indirect, of the state of war. Interest at six per cent per annum may be claimed by the creditor in respect of any period during which payment of his debt is so postponed.

Another Act empowers the Government to declare by proclamation that all bank notes issued in the Union by the banks specified in the schedule (the schedule contains the principal banks now carrying on business here) and being in circulation at the date of the proclamation, shall be legal tender, except at the head office of the bank of issue, and be guaranteed by the Government. While any such proclamation is in force the banks concerned may not increase the amount of their note circulation except by authority of the Government, and on deposit of security to the satisfaction of the Treasury. The object of this legislation is to help the banks to replace the gold coin now in circulation by notes. At present notes are not very popular in South Africa. This may be due to the fact that the lowest denomination is £5, and also to unpleasant recollections of the Government notes issued by the South African Republic, before and during the late war, which were repudiated by the British Government on annexation. The banks are now preparing to put in circulation notes of smaller denomination, and these can, if necessary, be made legal tender by proclamation under this Act. They will, however, always be convertible into gold at the head office of the bank of issue. The Act is only an enabling one and may never be used. The Government also proposes, if necessary, to reopen the mint which was established in Pretoria by the South African Republic for the coinage of gold. It is unlikely, however, even if this is done, that any large amount will be coined there. In ordi-

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nary times the amount of specie imported into the Union is very small, except that which, having been taken away by native labourers recruited in Portuguese East Africa, is returned from Lourenço Marques. Indeed, in view of the large numbers of native labourers on the Rand, most of whom are periodical labourers and come from remote parts of the Union or from beyond its borders, and in view of the fact that they are always paid in coin, the wastage in the gold currency is surprisingly small. Unless, therefore, the hoarding of gold is resorted to on a large scale, which is not very likely, we need not expect to have to face any serious currency problem in South Africa. Under present conditions, however, with the nations of Europe at war, it is well to be prepared for any emergency.

III. ARMED REBELLION

SINCE the above was written South Africa has received a startling illustration of the power for mischief of some of the doctrines which have been propagated among its people. Colonel Maritz, an officer in the Defence Force, was in command of a burgher force which was supposed to be operating on the eastern border of German South-West Africa. The scene of his operations is a thinly populated, almost desert country, remote from communications, but information seems to have reached the Government which cast some doubt as to his loyalty at or even before the time of General Beyers's resignation. Colonel Brits was sent to relieve him of his command and this brought matters to a head. In an impudent ultimatum, which he returned to the Government, he demanded permission to meet the leaders of the dissentient party, failing which he would invade the Union. This it is believed he is now doing with the assistance of men and guns from the Germans, after having sent as prisoners to German territory those of his force who would

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not go with him. The Government has proclaimed martial law throughout the Union, but the action of Maritz so far has evoked nothing but reprobation from every quarter, and does not seem likely, from present indications, to interfere seriously with the Government plans.

South Africa. October, 1914.

NEW ZEALAND

I. SIR IAN HAMILTON'S VISIT

THE interest of the country in its military system had been much stimulated, just before the war, by the visit of the quondam Inspector-General of the Oversea Forces, and the official inspection by him of the Territorials, members of Rifle Clubs and Cadets. A brief review of that event is, perhaps, the most fitting preface to an account of what has since been done.

The conclusions reached by Sir Ian Hamilton may be quoted in his own words:

"Of the Cadet system, it is hard to speak in terms which may not appear exaggerated. For the moment I am concerned only with the moral and physical effect of Cadet training upon the boyhood of the nation. Its military aspect as a substitute for recruit training I deal with again later in my report.

"I have spared no pains to ascertain the views of those best entitled to form a judgment on this most vital subject. I have discussed it at length with politicians of both parties in the State—with employers of labour, with schoolmasters, with the clergy of every denomination, and last, but not least, with dozens of Cadets themselves—and whenever and wherever I could get them—with their mothers. I have not heard one single adverse opinion from the mouth of a live New-Zealander, though, from the number of disapproving letters I have received, there must be a minority which makes up for its want of dimension by a radium-like activity. No, amongst all the people I have met

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there seemed to be a consensus of opinion that the system is wholly beneficial, not to the boys alone, but also in its wider national aspect. If the working men and women of Scotland could have participated in my Cadet inspection through Otago Province (verily a smaller Scotland), if the fathers and mothers of the poorer children of London, Birmingham, Manchester and Liverpool, could only have been present at my Cadet parades in Canterbury Province and in the North Island, could they have done this, and have shared with me the joy of seeing so many keen, happy faces, so many bodies in the pink of physical condition, I know they would not permit their rulers to deny to their own sons one day longer, the same privileges as the boys of Australia, New Zealand and South Africa are now enjoying."

In The ROUND TABLE of May, 1911, a full résumé was given of the movement in favour of Compulsory Training. The Defence Act came into force nominally on December 24, 1909. No action, however, was taken pending Lord Kitchener's visit to New Zealand in February, 1910. As a result of this visit, the "Defence Amendment Act" was passed in 1910, and towards the end of that year General Godley arrived in the Dominion as General Officer Commanding the New Zealand Forces. It was therefore practically 1911 before a start could be made in the matter of training, so that the scheme had been a little over three years in existence at the time of Sir Ian Hamilton's arrival.

During the course of his tour, which lasted from April 20 to June 4, 1914, he inspected every unit of the Territorial Forces, and also members of every company of Cadets in the Dominion. According to actual parade returns, the Territorials inspected by him, together with the permanent troops, numbered 18,807. He also saw 17,868 Cadets on parade—a total of 36,675, or 70 per cent of the Defence Forces. He also visited the works and fortifications at the principal harbours, and at three of the four defended ports he was present during practice with the heavy guns.

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It was no small triumph of organization to bring such large numbers of Territorials and Cadets together in the various districts; for owing to the limited time available, it was necessary to collect large bodies of Cadets from wide areas at the same time that the whole of the Citizen forces were actually under arms in camp. The possibility of making the same permanent instructional staff march across the inspectional stage with the Cadets one day, and with the troops the next, was impossible, indeed, as Sir Ian remarks:

"The military machine in New Zealand has been subjected to a severer trial than that of any portion of the Empire ever inspected by me. The elements themselves seemed to have leagued themselves with me in adding some of the genuine discomforts of war to my mimic campaigns. The icy rain at times penetrated everything and every one—the mud waxed deeper and ever more adhesive—actual mobilization would in fact have made no greater demands either on the energies of the military authorities, or on the pluck and good temper of the rank and file."

The report practically covers all matters relating to the Citizen Army. It discusses the Headquarters organization, the District and Area organization, the training of a citizen army, the state of that army at the present day, financial arrangements, and other details. From a business point of view alone, it is an excellent one, and steps have already been taken at Headquarters to put into effect a great many of its suggestions.

It is interesting to compare the numbers trained in 1905 under the old voluntary system, and in 1914—also the respective cost of Land Defence in those years:

	<i>Strength of Permanent Forces.</i>	<i>Strength of Volunteer or Territorial Force.</i>	<i>Cost.</i>
1905.	395	13,492	£237,357
1914.	578	25,902	£591,294
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It must be stated, however, that in the latter amount is included payment for equipment in the way of new field guns, rifles, uniforms, etc., all of which has had to be made out of the total Defence vote during the last few years. This, Sir Ian attributes in a large measure to a strict observance of the militia principle throughout in the constitution of the Force. Not a single professional officer or non-commissioned officer appears to be employed whose services, with due regard to efficiency, could possibly be dispensed with.

In summing up his report, Sir Ian says:

“The Army of to-day puts its best into its work. It is well equipped and well armed—the human material is second to none in the world, and it suffers as a fighting machine only from want of field work and want of an ingrained habit of discipline. The first of these can never, under the conditions of a Citizen Army, be quite made good, except by dint of war or by a period of embodiment made under stress of imminent peril—the second can, and will, be made good, as well-trained recruits come on, especially when captains are made entirely responsible for the instructions of their own trained men.”

The report was well received by the Press throughout the Dominion, and the whole compulsory Training Scheme appears to be regarded with complete satisfaction by the general public. It is significant that although the Elections will take place before the end of this current year, there is no suggestion by either party that there should be any repeal or serious curtailment of the present Act.

II. NEW ZEALAND AND THE WAR

LITTLE did the people of New Zealand, whose minds had, by General Sir Ian Hamilton's visit, been turned to things military, and whose pride in their Citizen Army, yet in its early infancy, had found some justification in his

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favourable report, think that they would within three months from his departure have an Expeditionary Force under canvas awaiting orders to leave for Europe to assist Britain in a first class European conflict. That the compulsory military training scheme has now been in force for over three years, is matter for some satisfaction; that it has not been so for much longer, is now our chief regret. The thunderbolt that shook the world at the end of July made the Dominions realize, as they never did before, that the existence of the British Empire is not a thing above and beyond challenge; and that they, as its citizens, have a duty, which they were but slowly beginning to recognize, to keep themselves in such a state of military preparedness as will make them factors to be taken seriously into account by any possible aggressor. The excitement during the few days before Britain declared war against Germany was intense, springing as it did from a full sense of the tremendous nature of the crisis, and the feeling that our nation was about to face a danger that was quite incalculable. That it could face it, was never doubted; that it ought to face it, was as clear as was the fact that the cost, though certain to be immeasurably great, could not in the circumstances be weighed. The cabled extracts from the speeches of Mr Asquith and Sir Edward Grey on the declaration of war, putting the justice of the quarrel, as they did, beyond all question, met with universal approval and inspired a confidence which the assurances that the Navy and the Army were ready, and, in particular, the news that Lord Kitchener had been appointed to the Supreme Command of the Army Administration made strong and sure.

On July 31 the Prime Minister announced in the House that, if need should arise, the Government would ask Parliament and the people of New Zealand to do their duty by offering an Expeditionary Force to the Imperial Government. An understanding, he added, had already been arrived at with regard to the numbers and constitution of a force which would fit in with Imperial requirements. At the close

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of this announcement, the whole house rose and sang the National Anthem. Sir Joseph Ward assured the Government that it would have the hearty co-operation of the Opposition in whatever action it might find it necessary to take in this connection.

On August 4 the Prime Minister announced that precautionary measures were, under the recommendation of the Imperial authorities, being taken in the Dominion. A Censorship had been set up, particularly with reference to cablegrams passing into and out of New Zealand; and a service established to examine all vessels trading into the four chief ports of the Dominion. H.M.S. "Philomel," which had just been handed over to the Dominion a day or two before to be used as a naval training-ship, had been handed back to the Imperial Authorities, and so passed under the control of the Senior Naval Officer in New Zealand waters. The exportation of coal from the Dominion, except for Admiralty purposes, had been forbidden by Gazette Extraordinary. The Garrison Artillery had been called out and the forts fully manned, as they would continue to be day and night. Preliminary arrangements had already been made for calling for volunteers for the proposed Expeditionary Force, and the Government were only waiting for a cablegram from the Imperial Authorities to say that it would be required, before they actually called for men. The Prime Minister read messages from the Colonial Secretary expressing His Majesty's appreciation of the fresh manifestation of the Dominion's loyalty, and the Imperial Government's gratitude at the offer of a New Zealand Expeditionary Force. Mr Massey concluded his statement by saying that these Imperial considerations were above and beyond party, and that he was confident that this Country would do its duty calmly and quietly, but firmly and determinedly. The Leader of the Opposition followed with the assurance that his party would co-operate in every way with the Government in all steps it might see fit to take to assist in preserving the integrity of the Empire.

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On the same day the Minister of Finance made a Statement. The country, he said, was sound; its banking institutions were in a better position than they had ever been; and he hinted that a step had been taken in London which greatly strengthened the position of the Bank of New Zealand there. As the Banks had not at that time issued notes up to the full amount allowed to them by law, there was no need yet to empower the Minister to extend the issue of notes by Proclamation.

These statements made it clear that there was no occasion for panic, and that, though the people might yet be called on to make sacrifices, they were not likely to be of a very serious character.

On the afternoon of August 5, His Excellency the Governor, from the steps of Parliament House, Wellington, published the news of the declaration of war against Germany. Later on in the day the Legislative Council passed a resolution approving of the necessary steps being taken by the Government to have in readiness an Expeditionary Force, and thus enabled the force to be mobilized at once and volunteers called for. In the House of Representatives the Prime Minister announced the Government's intention to mobilize some seven or eight thousand of the Territorials, and to ask them to volunteer for service in New Zealand or abroad.

The Leader of the Opposition vehemently protested against the introduction of the Financial Statement on August 6. He regretted the attempt to introduce such a controversial matter at such a time; and assured the Government that his party was prepared to put through the whole of the ways and means required to carry on the affairs of the Country, without any discussion. If the Statement was gone on with, he would absent himself from the House. The Prime Minister retorted that the people were naturally anxious to hear the Financial Statement at the moment, and that alarm would be created if it were withheld at such a time. When the Government persisted in going

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on with the Statement, the Opposition and the Labour Members walked out of the Chamber in silence, and left Dr Allen to read his Budget to a lop-sided House. The Statement showed a surplus, despite the smallpox epidemic, which cost the country £30,000, and the Maritime Strike, which cost it £93,000, of £426,905. The Revenue was quoted at £12,214,339 and the Expenditure at £11,825,864; but these estimates, it was explained, might, owing to the outbreak of the war, require amending. By way of post-script to his Budget Speech, Mr Allen reiterated his assurance that the Banks were in an exceptionally strong position; and announced that, to make them still more secure and to allay any possible feeling of unrest, bank notes had the day before been made legal tender by Proclamation.

The genuineness of the desire on the part of the political parties to sink their differences and show a united front in the face of the national danger, was clearly indicated by the instructions the Government gave its party organizers to cease organizing, by the cancellation by Opposition Members of their engagements to speak in different parts of the country, and by their decision to withhold the Opposition party Journal for the time being. And this feeling of the necessity for union at such a time was not confined to political parties; it permeated the whole community. Just before matters came to a head in Europe New Zealand was divided into two hostile camps on the question of the introduction of religious instruction into the State Schools, which have heretofore been entirely secular institutions. Feeling on this occasion was running so high in the Dominion that it was bidding fair to rival in intensity that shown over the religious question in English education. Roughly speaking, Anglicanism and Presbyterianism were ranged, in a strange alliance, in favour of the use of the Bible in schools against Roman Catholicism and smaller denominations, which were, in a yet stranger alliance, opposed to the proposed change in the existing system. The Government had introduced a Referendum Bill to test the feeling of the country on the

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matter; but this was bitterly opposed by the supporters of the existing system, who felt that it was unfair, inasmuch as, in their opinion, it confused the issues and did not give a large body of the electors the opportunity of expressing their opinion that passages of Scripture should be read under the supervision of the teacher without the right of entry into the Schools being granted to the clergy of the different religious sects. When, however, the news came that Great Britain had declared war against Germany, the organizing Secretary of the Bible in State Schools League at once sent a letter to the Minister of Defence, who had charge of the Referendum Bill, requesting that for the present the Bill should be withdrawn, owing to the possibility of its creating disunion and distracting the Government's attention. This was followed the next day by a second letter, in which the League undertook, through its powerful organization, to provide £1,000 towards the Field Ambulance to accompany the Expeditionary Force.

So also when the Arbitration Court resumed its sittings on August 6, statements were made by representatives of the New Zealand Employers' Federation and of the Workers' Organizations to the effect that both parties were of opinion that the Court should suspend operations during the crisis. All disputes were accordingly adjourned for the time being. We will give just one more practical example of this feeling that all differences should for the present be allowed to fall into abeyance. About the end of July the Second Division of Railway Employees had begun a movement for an all-round increase in their wages. The Executive Council of the Amalgamated Society of Railway Servants was sitting in Wellington when the war with Germany was announced; and the governing body of the Society at once carried a resolution that the President and Secretary should wait on the Minister of Railways and inform him that in view of the present Imperial crisis they did not at that time intend pressing any of their claims on him. The only party which did not fall into line in this

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respect was the more fanatical section of the Prohibitionists.

On August 7, the Prime Minister made an appeal for horses for the Expeditionary Force; and at once gifts of horses and money began to pour in. Private citizens, firms and houses of business of all kinds—both employers and employees—clubs, the staffs of educational and other institutions, municipal bodies, civil servants, churches and schools, all began to send in their contributions to the Patriotic Fund, which by August 22 had reached a total of close on £80,000. Shipping Companies offered to regulate their sailings, and firms to put all other business aside, to meet the Government's requirements. Racing clubs put their courses at the Government's disposal for camp purposes; and merchants vied with one another in offers to supply the Expeditionary Force with this and that luxury or necessity. Men were enabled to enlist with the knowledge that their positions would be kept open for them in the event of their return, and in many cases were allowed half their ordinary salaries while away. From one end of the country to the other women, at the suggestion of Her Excellency, Lady Liverpool, began to form sewing groups, and have now for five weeks been working long hours gladly to provide clothing and other comforts for the men who are to go to the front. Where so much handsome generosity has been shown on every hand it may seem rather invidious to select one gift for special mention; but we cannot refrain from putting on record the splendid offer of the members of the Staff of the Department of Labour in Wellington, who resolved to make a present to the Government of 10 per cent from their salaries during the whole course of the war, the amount to be deducted from month to month and devoted to Imperial purposes.

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III. COMMERCE AND FINANCE IN WAR

THE Government early began to consider the need for legislation to meet the situation created by the war, and before August 16 five new Acts were passed, two to relieve possible hardship, one to protect mortgagors, and the other to empower the Government to regulate the price of food-stuffs, if any tendency to jump prices unnecessarily should be shown. "The Mortgages Extension Act, 1914," passed on August 14, makes it illegal for mortgagees during the continuance of a state of war and for a prescribed period (not exceeding six months) thereafter, to use their more drastic remedies against mortgagors. They may not, without the leave of the Supreme Court—which will not be granted so long as the interest on the principal sum at the ordinary rate is paid within times appointed by it, and not at all where the ground upon which the Court's leave is sought is the breach of some other covenant or condition than that for the payment of interest, unless the Court is of opinion that the security of the mortgagee is seriously endangered—(a) call up or demand payment of the principal sum; (b) exercise the power of sale; (c) commence proceedings for breaches of covenants or conditions other than those for the payment of interest. On September 10, an Amending Act was passed to enable borrowers and lenders to contract themselves out of the provisions of the Act if they so desire.

Under "The Regulation of Trade and Commerce Act, 1914," also passed on August 14, the Governor may, when His Majesty is at War, by Order in Council Gazetted, fix the maximum price of any class of goods—a term which is very comprehensively defined in the Act—and from time to time revoke or vary any maximum price so fixed. Every such Order in Council is automatically revoked within one

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month after peace is declared. Provision is made to allow the maximum prices of the same classes of goods to be differently fixed in different localities, and under different conditions of trade, commerce, sale or supply. Selling goods at a price in excess of the maximum so fixed, or afterwards demanding such an excessive price, is made an offence; and offenders are severally liable to a penalty of £500; contracts of sale in breach of the Act are wholly void as against the buyer, and the seller has no rights under them, while the property in the goods so sold passes to the buyer, who may also recover any moneys he has paid to the seller under such a contract. The Act is an empowering one only, and one division of it provides for the appointment by the Governor of a Commission of Inquiry to inquire and report on the state of the prices; the quantity, situation, demand for and supply of goods; the means or sufficiency of the supply or transport of goods; and the advisability or otherwise of the exercise by the Governor of the Powers conferred by the Act.

The three remaining Acts may be dismissed shortly. Most important is "The Public Revenues Amendment Act, 1914," also passed on August 14. This Act gives the Minister of Finance authority to borrow £2,000,000 during the current financial year on the security of Treasury Bills. The moneys so raised are to be paid into the Public Account to the credit of The Public Works Fund, and of a special account, called "The War Expenses Account," in such proportions as the Minister of Finance determines. Moneys paid into the last named account are, without further appropriation, to be expended for such purposes as the Minister of Defence may think fit. On August 7 the Wanganui County Council unanimously passed the following resolution: "That this Council, having due regard to the seriousness of the situation and the importance of assisting Great Britain to the utmost of our power, ask the Government to pass a validating Bill enabling this Council to devote a twentieth share of their revenue to the pur-

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chase in New Zealand of food supplies to be shipped and placed at the disposal of the Imperial Government, and that this circular be sent to all local bodies in New Zealand, asking their co-operation." In answer to this and many similar requests "The War Contributions Validation Act, 1914," enabling contributions in aid of the war to be made by Corporations and other bodies with only limited or statutory powers, was passed on August 15. Finally a short Act amending "The Trustee Act, 1908" was passed to authorize trustees to deposit trust moneys at interest with any institution approved for the purpose by the Governor by Order in Council Gazetted.

This legislation met with practically no opposition in Parliament, and was on the whole favourably received by the general public. There was a feeling, however, that there was an element of panic about some of it; and that it would have been sufficient, in the case of "The Mortgages Extension Act," if its provisions had been prepared only, and left to be brought into force by Proclamation if occasion should arise. Its presence on the Statute Book makes money tight by disposing lenders to refuse to accommodate borrowers with good security to offer, and so creates avoidable unemployment, a very serious matter at a time like the present. With regard to the probable effect of the Regulation of Trade and Commerce Act some fears were expressed in the Legislative Council. Traders, it was pointed out, could not negotiate bills on terms to warrant them in continuing shipping when, in addition to all the other risks, they were by the Bill to be placed under a Commission with power to determine their selling prices. The effect, it was said, would be to put a stop to importation; and the Government was by its action going to embarrass still further a very serious situation. But it does not seem probable that the mere possibility of a Commission advising the exercise of the powers conferred by the Act—a step which would be taken only as a last resort—is likely to have any such effect. It must, however, be admitted that the Act would have been

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less disturbing if the term "goods" had embraced only necessities which were likely to be cornered; and this would have been sufficient to meet the case. The Government should have at its command such a check as the Act provides, and there have already been indications that the threat contained in such a measure was needed. Some millers were quick to find the position so serious that they did not feel inclined to quote further. By August 5, flour had already been raised from £10 to £11 in some parts, and now (September 12) stands at £13; oatmeal has gone up £1 and sugar 25s. per ton. With a sure market at a steady figure here, the high freights ruling, and war risks to be paid if these necessities are shipped abroad, these rises in price are quite unwarranted. The fact that some large holders of wheat were on September 12 loath to sell at 6s. per bushel, shows clearly that this piece of legislation was not superfluous.

Before considering the more obvious effects of the war in New Zealand, it will be well to look for a moment at the country's trade with Germany. New Zealand does more trade with Germany than with any other non-English-speaking country. Our total trade with Germany has grown steadily from £405,816 in 1909 to £907,933 in 1912. It increased by £256,823 in 1912 and was likely to go on increasing rapidly. Just before the war broke out the Norddeutscher Lloyd Company had just completed arrangements for running its liners to New Zealand ports in future, and this would probably have led to much greater annual increases. The total figures for 1912 are made up of £653,230 worth of imports from Germany, and £254,703 worth of exports to that country. As the trade returns of New Zealand do not disclose the countries of origin, but credit the goods in every case to the countries of shipment, and as only 92.55 per cent of the goods exported to New Zealand from the United Kingdom are British produced and the balance are re-shipments, our imports from Germany are certainly considerably larger than the figures would indicate. The

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principal articles of import from Germany (i.e., shipped from German ports) with the figures for 1912 are:

Motor Materials	£31,575
Drugs and Chemicals	24,243
Fancy Goods and Toys	51,541
Glassware and Bottles	40,069
Hardware and Ironmongery	24,316
Musical Instruments	68,822
Machinery	48,138
Manures	31,889
Grass and Clover Seeds	47,737
Stationary	16,844
Boots and Shoes, Textiles and Drapery and Clothing	38,587

The shipments from German ports to New Zealand have, despite the preference, more than trebled in value since 1902. But as all of these goods, with the exception of some of the glassware, in which Germany has a monopoly, are procurable at a slightly higher price, but of a better quality, from Britain, the loss of German imports is not a matter of great moment.

As stated above, our exports to Germany in 1912 totalled £254,703 showing an increase of £84,210 in that year. In 1902 the exports to Germany totalled only £9,389. The principal articles exported to Germany in 1912 were:

Kauri Gum	£32,964
Scheelite Ore	8,893
Wool	206,359

Far the biggest market for Kauri gum is the United States, and Great Britain comes next; so the effect in this direction is not really serious. Continental firms are the chief buyers of fine wool from New Zealand, and the prices for this class of wool will probably be low next year; but on the other hand the demand for coarse cross-bred wool should, owing to the

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abnormal supply of blankets and woollen garments for the armies at war, be much greater than in recent years. It is significant that Germany began, last wool season, to buy large quantities of the coarse wool which is not usually in great demand on the Continent.

During the first fortnight of the war there was something of a rush on the Savings Banks. This was met by the exercise by the Government of its power, under Section 71 of the Post Office and Telegraph Act, to require seven days' notice of a depositor's intention to withdraw money from the Post Office Savings Bank, and to allow withdrawals of only £2 per week without notice. Confidence returned on the news of the lowering of the Bank Rate in Britain, and at the end of the first week in September matters in connection with the Savings Banks were nearly back to the normal state; the restriction on removals is likely soon to be withdrawn.

During the same period there was a rush on flour and groceries. Flour, sugar and oatmeal, and other staple articles were ordered in large quantities by most housekeepers, who thus invited merchants and millers to raise the prices, which they accordingly did in the case of flour, oatmeal and sugar, as already mentioned. By the end of August the business in groceries was again normal.

The chief effect of the outbreak of war was the immediate disorganization of shipping. The presence of three or four German cruisers in the Pacific, and a few others in the Atlantic, caused vessels at sea to take shelter where they could, and those safe in port to remain where they were. The delay in the cable service caused by the censorship made it difficult for export firms here to get replies from London; they could not arrange by cable for war risks at first, and export trade was for both reasons brought to a standstill. Things improved on the receipt of the news, on August 10, that the British Government extended its guarantee to New Zealand shipping; but it was not certain during August whether this applied to vessels outward bound to New Zealand; and there was not, during the first

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half of August, any provision at this end for the Imperial Government to undertake the risk. The New Zealand Government cabled asking the Imperial Government to allow it to act as its agent in the matter, but this, for some reason not disclosed, could not be arranged. It is understood now that the Imperial Government is prepared to insure vessels, homeward or outward bound, to the extent of 80 per cent, and the Insurance Companies are covering the remaining 20 per cent. A further difficulty arose when the Local Government took over many of the ordinary liners that carry frozen meat to Europe, for troop-ships; but this has been partly got over by giving export meat firms the opportunity of shipping some of their frozen meat by these steamers. But, as this happens to be the slack season for wool exporters here, the taking of these transports has not been so serious a matter for New Zealand as it is likely to be for Australia, where the wool season falls earlier and where these vessels usually load up at this time of the year. Despite these causes for anxiety our normal trade has, thanks to the predominance of the British Fleet, been as little disturbed as possible; and there is every prospect that the trade routes will soon be perfectly safe. The Union Steamship Company has already resumed its service to Vancouver and San Francisco, making the service six weekly instead of the usual monthly one.

On August 19, the Dunedin Chamber of Commerce made a statement on the Commercial situation in which it pointed out that, with the trade routes comparatively safe and with the improved facilities which the English Banking Houses had been able to grant, the most harrassing restrictions on trade were already gone. These two facts indicated that business might soon approach normal conditions so far as our trade with Great Britain, the United States, the various Oversea Dominions, and the East were concerned. Our chief danger lay in the possibility of the spending power of the people being so reduced—either by necessity or undue caution—as to cause serious stagnation in local trade. To avoid this as far as possible the Chamber urged upon all

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employers of labour the supreme desirability of maintaining as many workers at work as possible. This would not only assist the wage earner, who would scarcely be in a position to save at that time; but, by keeping money in circulation, would assist in maintaining the volume of trade. The Chamber supported the request of the Prime Minister to all farmers to sow as large an area in crop as possible, and thus help to relieve the distress which is bound to occur in Europe. This is being widely done, and, altogether apart from the humanitarian side of the matter, should prove most remunerative to those farmers who have suitable land for cereals. The Chamber of Commerce's Statement concluded with the words: "The present is not a time for business men to think of making money; they should rather remember that, while others are upholding the honour of the Empire in the field, it falls to them to maintain the Empire's trade, and to protect all from the misery and suffering which must follow any lengthy period of unemployment."

To prevent unemployment becoming serious local bodies are carrying out the works they have in hand, and the Government is prepared to help them even in the case of new works, if these are essential. This question will become more acute after the departure of the Expeditionary Force which is at present providing a great deal of work, both at the camp centres and at the ports where the transport ships are being fitted out. For the last week in August the Wellington Co-operative Waterside Labour Employment Association, which controls labour on the wharves, paid out £4,909 to 1,300 men, making an average weekly wage of just under £4. The unfortunate thing is that, when once the troopships are completely ready, the demand for wharf labour is likely to fall below normal, and the vacancies caused by the departure of the troops are not, in the majority of cases, such as could be filled by labourers. On the whole the position of New Zealand is an enviable one. It is true that the dislocation of the export trade of Great Britain and her Allies, and the inevitable limitation on borrowing both

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during and after the war, will hamper business on the import side and depress certain industries; but this will be more than compensated for by the greatly increased demand, which is bound to follow, for the exports of a country which produces mainly foodstuffs and clothing material. The problem for New Zealand is, as has been pointed out, to devise means of concentrating more of her labour and capital on her pastoral and agricultural industries.

IV. THE EXPEDITIONARY FORCE.

THE Advance Guard of the New Zealand Expeditionary Force left Wellington quietly and suddenly as early as August 15 "on an enterprise of great and urgent Imperial necessity." Its destination was shrouded in mystery, owing to the secrecy which was necessary for success. The troops numbered about 1,300 men, and comprised specially selected men who are expert railway, road, and telegraph engineers. Nothing more was heard of this Expedition until the end of the month when the Governor received cabled information that Aspia (Samoa) had surrendered to the Royal Navy on Saturday, August 29, and that the New Zealand Expedition had landed unopposed in the afternoon. Colonel Logan, who was in command of the Expedition, took over control from the German authorities and sent the German Governor with other prisoners to Suva. A Proclamation was read, the Union Jack hoisted in the presence of the naval and military officers, the residents and the natives, and H.M.S. "Psyche" fired a salute of twenty-one guns. With the occupation of Samoa one cause of anxiety to the Dominions in the South Pacific has disappeared, and a valued colony been taken from the Germans. The Expedition will in the meantime continue to garrison Samoa.

The main body of the Expeditionary Force has been mobilized in four camps at Auckland, Palmerston North,

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Christchurch and Dunedin. Ten troopships have been fitted up and equipped for the transport of the Force. All is now ready, and the Government is only waiting for orders from Home and a suitable convoy before dispatching this main force of over 8,000 men and 4,000 horses. The mobilization has been based on the existing regimental organization: each existing regiment of mounted rifles has furnished a complete squadron, and each regiment in infantry a complete company; three batteries of artillery of four guns each have also been congregated with the Wellington regiments at Palmerston North. The Force will include every unit of an Army Division. Many doctors and medical students have offered their services, and will accompany the Field Ambulance. General Sir Alexander Godley, who is to command the Force, has visited the four camps and inspected and addressed the men at each centre. He is satisfied that they will give a good account of themselves, and is well pleased with the type of man that has volunteered. The mounted infantry, drawn mainly from the country districts, contains a splendid stamp of soldier; and the artillery men were declared by their General to be as fine a body of men as he had seen anywhere. In some cases as many as three or four sons from a single family have enlisted.

It was expected that the Force would leave towards the end of August, and the men are now chafing somewhat at the delay. The time is, however, being well employed in drill and manœuvres, and the efficiency of the different camps is daily improving. This extra time would not have been spent much more profitably at Aldershot, where it is expected that the Force will later be in training for some time. But the transport of such a number of men and horses—if we include the Australian Force which will go under the same convoy—over such a distance, and under such conditions, is a thing quite without precedent; and it would be worse than folly to let the Australasian Forces sail, before every precaution has been taken to ensure a safe voyage. To make the Contingent a real gift to Britain the New

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Zealand Government will be responsible for the whole cost of its Expeditionary Force, and for its maintenance while away; it will also keep it up to standard, and intends to send as reinforcements up to twenty per cent of the original strength to Europe at an early date.

Since the outbreak of war the local National Reserve has increased enormously, and men are drilling regularly with a view to fitting themselves for service here or abroad in case of need. The Maoris, who were keenly disappointed at not being allowed to join the main force in a body, are drilling to form a detachment for local defence, and hoping that the Imperial regulations will yet be relaxed to allow of their taking their stand for Britain abroad.

The movements of the British Army in Europe are everywhere being followed with the keenest interest and anxiety; and the victims it has had to yield to overwhelming numbers are mourned here with a grief that has in it a deep personal touch; the wonderful march in retirement towards Paris has evoked the greatest admiration, and made people feel with pride that Tommy Atkins is still the best soldier in the world. Although the response to the Empire's call has been a splendid one in every way, and must have astonished our enemies, yet one cannot but feel that much of the delay and misunderstanding—or rather of the want of a common understanding in some important matters—which have occurred, would have been avoided, and much greater general efficiency secured, under a better organized Imperial system.

New Zealand. September, 1914.

OFFICIAL PUBLICATIONS OF FOREIGN GOVERNMENTS RESPECT- ING THE EUROPEAN CRISIS

A SUMMARY of the British White Book appeared in the last number of *THE ROUND TABLE*. Below will be found summaries of the Russian Orange Book, the Belgian Grey Book, the full text of the German case, and also a summary of the exhibits attached to it.

The Russian and Belgian Governments have followed the example of Great Britain, and simply published the official papers without any words of comment, though among the Russian documents there is included a short account of the events leading up to the outbreak of war.

No attempt has been made to summarize the German statement. For one thing, it seems fairer to set out the enemy's case in full, and, secondly, it is in no sense a full collection of official papers, but merely a statement of Germany's reasons for her war with Russia, with a selection of documents appended.

I. THE RUSSIAN ORANGE BOOK

July 23, 1914 (Thursday).

THE Austro-Hungarian note* is presented to the Serbian Government at 6 p.m.

Unless its conditions are accepted in full within forty-eight hours, the Austro-Hungarian Minister is to leave Belgrade. The Prime Minister of

* N.B.—A summary of the Note, the reply and the comments of Vienna on the reply, will be found appended to the statement of the German case.

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July 23, 1914 (Thursday).

Serbia and all his colleagues except the Finance Minister have to be recalled from an electioneering tour in the country, and are not expected back till 10 a.m. the next day. The Finance Minister shows the ultimatum to the Russian Chargé d'Affaires, says that no Serbian Government could accept the Austro-Hungarian demands, and asks Russia's help.

July 24 (Friday).

The contents of the note are wired from Belgrade to St Petersburg. A copy is also personally handed by the Austro-Hungarian Ambassador to the Russian Foreign Minister, who wires to Vienna that the time limit left no time for any steps to smooth away difficulties, and presses for an extension "in order to prevent the consequences, incalculable and equally fatal to all the Powers, which may result."...

The Prince Regent of Serbia appeals to the Tsar for assistance, expressing Serbia's readiness, in spite of the character of the note, to accept those conditions which were compatible with the position of an independent State, as well as any that the Tsar might advise him to accept, and undertaking to punish severely any people whose participation in the murder of the Austro-Hungarian heir-apparent should be proved. Some of the demands involved changes in Serbian laws, and so required time.

The Berlin morning papers, even the few which recognized the impossible conditions of the note, warmly welcome the strong line taken by Austria-Hungary. The official *Lokal Anzeiger* is particularly violent. It dubs as fruitless any possible appeal to St Petersburg, Paris, Athens and Bucharest, and says "the German people will breathe freely when they learn that the situation in the Balkan peninsula is to be cleared up at last."

The French Government is officially presented with a copy of the note, and later in the day the German Ambassador reads to the French Minister a note reproducing the Austro-Hungarian arguments and indicating that, in the event of a refusal by Serbia, Austria-Hungary would have to resort to pressure, and, in case of need, to military measures. In Germany's view the question ought to be settled between Austria-Hungary and Serbia direct, and it was in the interests of the Powers to localize it. On being asked if hostilities were inevitable if Serbia did not submit to everything, the German Ambassador pleaded absence of instructions.

The Prime Minister of Serbia returns to Belgrade. He means to give a reply within the forty-eight hours showing which points can be accepted and which not. The Powers would be begged to defend Serbia's independence. "Then," he added to the Russian Chargé d'Affaires, "if war is inevitable, we will make war."

July 25 (Saturday).

An announcement issued by the Russian Government shows its extreme anxiety about the Austro-Serbian question. Its development could not leave Russia indifferent.

The Russian Chargé d'Affaires wires to the Austro-Hungarian Foreign Minister (who is away at Ischl) a request for the extension of the

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time limit. The Under-Secretary in Vienna is sure that the request will be refused. The refusal comes immediately after.

The Serbian reply is given to the Austro-Hungarian Minister at Belgrade, and a copy wired to the Russian Government by its representative.

(N.B.—Though sent on July 25, this wire did not reach St Petersburg till July 27.)

The German Foreign Minister promises to send on to Vienna the Russian request for an extension of the time limit, and says he has done the same with a similar request from England. He fears, however, that it will be fruitless, the Austro-Hungarian Foreign Minister being away at Ischl, and time lacking. He also doubts the wisdom of Austria-Hungary giving way at the last minute, as it might increase Serbia's assurance. He could only give negative replies, though warned of "the possibility of terrible consequences" unless action was taken by Germany at Vienna.

The Russian Minister asks England to side at once definitely with Russia and France if fresh complications lead to joint action by the Great Powers, in order to maintain the balance of power, which would certainly be compromised if Austria-Hungary should triumph.

The Russian Foreign Minister is assured that the news spread by certain newspapers that Germany had instigated the Austro-Hungarian *démarche* was absolutely false. The German Government had no knowledge of the text of the note before its despatch, and had brought no influence to bear on its contents. A threatening attitude was wrongly attributed to Germany. As the ally of Austria-Hungary, she naturally supported the demands against Serbia which in her opinion were justified. Above all, she wished the conflict localized.

The German Ambassador explains to the French Government that his declarations of the day before were not as one of the papers suggested "in the nature of threats." He was much upset, and stated "that Austria had presented her note to Serbia without any definite understanding with Berlin; that Germany nevertheless approved of the Austrian point of view, and that undoubtedly 'the bolt once fired'" (these were his own words) "Germany could only be guided by her duties as an ally."

Sir E. Grey was also told "that the German Government were not informed of the text of the Austrian note, but that they entirely supported Austria's action. The German Ambassador at the same time asked if Great Britain could bring conciliatory pressure to bear at St Petersburg. Grey replied that this was quite impossible. He added that, as long as complications existed between Austria and Serbia alone, British interests were only indirectly affected; but he had to look ahead to the fact that Austrian mobilization would lead to Russian mobilization, and that from that moment a situation would exist in which the interests of all the Powers would be involved. In that event Great Britain reserved to herself full liberty of action."

The Austro-Hungarian Minister, on receiving the Serbian reply, in spite of its conciliatory nature, leaves Belgrade, giving as his reason that the reply was not satisfactory.

The Serbian Government and the diplomatic corps this same morning leave for Nish, and the Serbian Parliament is convoked to meet there on July 27.

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July 25 (Saturday).

Sir E. Grey warned the German Ambassador that Austria-Hungary's mobilization must lead to Russian mobilization, and that grave danger of a general war would then arise. He only saw one means of reaching a peaceful solution. In view of the Austro-Hungarian and Russian mobilizations, Germany, France, Italy and England should abstain from immediate mobilization, and at once offer their good offices. The first essential was the consent of Germany and her promise not to mobilize. Consequently he had as a first step sounded Berlin on this point.

July 26 (Sunday).

The Russian Foreign Minister wires to Rome that Italy might play a part of first importance for peace by influencing Austria-Hungary and by showing her disapproval of the dispute "on the ground that it could not be localized." It was impossible for Russia to avoid assisting Serbia.

The Acting Russian Consul at Prague (in Austria-Hungary) wires to St Petersburg that mobilization has been ordered.

The Russian Foreign Minister has a long and friendly conversation with the Austro-Hungarian Ambassador. Some of the ten demands in the note were, he said, quite impracticable—e.g. 1 and 2 involved legislative enactments and the consent of the Serbian Parliament, 4 and 5 might lead to most dangerous consequences, and even acts of terrorism against the Royal Family and Prime Minister. As to the other points, it did not seem hard to find a basis of agreement if the accusations were proved. To end the existing tension, he proposed a private exchange of views with the Ambassador in order to redraft part of the note and to find a formula which Serbia could accept and which would satisfy Austria-Hungary's chief demands.

An account of this conversation is wired to the Russian Ambassadors in Berlin, Paris, London and Rome, and its substance conveyed to the Austro-Hungarian Foreign Minister in a judicious and friendly manner.

The contents of the wire are also communicated to the German Foreign Minister, and the hope expressed that he will advise Vienna to meet Russia's proposal in a friendly spirit.

The Austro-Hungarian Ambassador in Paris is surprised that the Serbian reply did not give satisfaction. The Director of the French Political Department thinks that Serbia's conciliatory attitude should produce the best impression in Europe.

The German Ambassador makes the following declaration to the French Acting Foreign Minister

"Austria has declared to Russia that she does not desire territorial acquisitions, and that she harbours no designs against the integrity of Serbia. Her sole object is to secure her own peace and quiet, and consequently it rests with Russia to prevent war. Germany is at one with France in her ardent desire to preserve peace, and she sincerely hopes that France will exercise a moderating influence at St Petersburg."

The French Minister suggests similar action by Germany at Vienna, especially in view of Serbia's conciliatory spirit. The German Ambassador said it had been decided not to intervene in the Austro-Serbian dispute, and

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being asked whether Great Britain, Germany, Italy and France could not make representations at St Petersburg, the matter amounting in effect to a dispute between Austria-Hungary and Russia, he replied that he had no instructions. The French Minister refused to agree to the German proposal that France should use her influence at St Petersburg as suggested.

The Director of the French Political Department considers that Germany's representations at Paris aim at intimidating France and securing her intervention.

Noisy demonstrations take place at Berlin when the news comes of the Austro-Hungarian mobilization against Serbia. The crowd included an Austro-Hungarian element. Later in the evening there is some anti-Russian shouting.

July 27 (Monday).

The Russian Foreign Minister is asked from London whether his direct discussions with the Vienna Cabinet harmonize with Sir E. Grey's scheme for mediation by the four Governments. Sir E. Grey, having heard that he would accept such a combination, had communicated it the day before to Berlin, Paris and Rome as an official proposal.

The Russian Foreign Minister, when asked whether Great Britain should take the initiative in summoning a conference of the four Powers in London, replied that he had begun conversations with the Austro-Hungarian Ambassador "under conditions which" (he hoped) "might be favourable." If direct explanations proved impossible he would fall in with the British proposal or any other likely to lead to a favourable settlement.

The Russian Foreign Minister wires to Paris, London, Berlin, Rome and Vienna that the Serbian reply to Austria-Hungary "exceeds all our expectations in its moderation," and its desire to give the "fullest satisfaction." He does not see what further demands could be made by Austria-Hungary unless Vienna wants a pretext for war with Serbia.

The German Ambassador emphasizes to the French Government the utter impossibility of any mediation or conference.

The German Ambassador in Paris confirms in writing to the French Government his declaration of the day before

(1) "That Austria has declared to Russia that she seeks no territorial acquisitions and that she harbours no designs against the integrity of Serbia. Her sole object is to secure her own peace and quiet."

(2) "That consequently it rests with Russia to avoid war."

(3) "That Germany and France, entirely at one in their ardent desire to preserve peace, should exercise their moderating influence upon Russia."

The Ambassador lays emphasis "on the expression of solidarity of Germany and France." The French Minister of Justice believes that Germany is trying to alienate Russia and France, to induce France by making representations at St Petersburg to compromise herself in the eyes of Russia, and, lastly, in the event of war, to throw the responsibility on Russia and France.

The Russian Ambassador in Paris is convinced that instructions wired by the French Foreign Minister at 11 a.m. to his representative to support the

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July 27 (Monday).

Russian representations at Vienna and which only arrived at 6 p.m., were intentionally delayed by the Austro-Hungarian telegraph office. He also says that the telegram from Belgrade informing him of the reply of the Serbian Government took twenty hours to reach him. He gathers from the Russian Foreign Minister's telegram of the day before that he was not then aware of the reply of the Serbian Government.

The Austro-Hungarian Ambassador informs the French Acting Foreign Minister that Serbia's answer is not considered satisfactory in Vienna, and that the next day Austria-Hungary will take "energetic action" in order to force Serbia to give the necessary guarantees. He had, however, no exact information as to what form action would take. It might consist either in crossing the Serbian frontier, or in an ultimatum, or even in a declaration of war.

The German Foreign Minister is begged by the Russian Chargé d'Affaires in Vienna to support their proposal that the Austro-Hungarian Ambassador should redraft the note to Serbia in conjunction with the Russian Foreign Minister. The reply was that as the Austro-Hungarian Ambassador had begun the conversation, he might as well go on with it, and the Foreign Minister would telegraph in this sense to Vienna. But, when asked to press Vienna with greater insistence, the German Minister said "that he could not advise Austria to give way."

The French Ambassador presses the German Foreign Minister to accept the British proposal for mediation, action to be taken simultaneously at St Petersburg and Vienna by Great Britain, Germany, Italy and France. The Ambassador suggests advice to Vienna "to abstain from all action which might aggravate the existing situation." Under this vague formula no mention need be made of the necessity of refraining from invading Serbia. The opposition between the Alliance and the Entente (of which the German Foreign Minister had often complained) would have been avoided by the mixed grouping of the Powers. The German Foreign Minister "refused point-blank to accept this suggestion in spite of the entreaties of the Ambassador."

The Tsar wires to Prince Alexander of Serbia his cordial sympathy with the Serbian people. His Government is trying to smooth the way over present difficulties, and he has no doubt that the Serbian Government will neglect no step which may lead to a settlement. So long as there is the slightest hope, all their efforts must be directed towards avoiding bloodshed, but if they are not successful "Russia will in no case disinterest herself in the fate of Serbia."

The Russian Ambassador draws the attention of the Austro-Hungarian Under-Secretary (the Foreign Minister was still away) to the unfavourable impression produced in Russia by the demands on Serbia. No independent State, however small, could accept them. The method of procedure had aroused profound surprise and general condemnation. It might lead to "most undesirable complications." He suggests to St Petersburg that Austria-Hungary, "influenced by the assurances given by the German Representative at Vienna, who has egged her on throughout this crisis, has counted on the probable localization of the dispute with Serbia, and on the possibility of inflicting with impunity a serious blow upon that country." The

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declaration of the Russian Government that Russia could not possibly remain indifferent in the face of such conduct "has caused a great sensation" in Vienna.

Sir E. Grey told the German Ambassador, who asked him to take action at St Petersburg, that it ought rather to be taken at Vienna, and the Berlin Cabinet were the best qualified to take it. The excessive moderation and conciliatory spirit of the Serbian reply made him believe that Russia had advised it. It could form the basis of a peaceful and acceptable solution of the question. If Austria-Hungary began hostilities, it would prove her intention of crushing Serbia. It might lead to a war in which all the Powers would be involved. "The British Government were sincerely anxious to act with the German Government as long as the preservation of peace was in question; but, in the contrary event, Great Britain reserved to herself full liberty of action."

July 28 (Tuesday).

The Russian Foreign Minister's interview with the German Ambassador confirms his impression that Germany is, if anything, in favour of the uncompromising attitude of Austria-Hungary, and that she could have prevented the whole crisis developing, but was exerting no influence on her ally. The German Ambassador thought the Serbian reply insufficient, and the Russian Minister considered the German attitude most alarming. Great Britain was, he considered, in a better position than any other Power to make another attempt to induce the German Government to take the necessary step. "There is no doubt," he says, "that the key of the situation is to be found at Berlin."

A state of siege is proclaimed in the Austro-Hungarian districts of Slavonia, Croatia and Fiume, and reservists of all classes are called up.

The Russian Ambassador at Vienna points out how desirable it is to find a solution which, while consolidating the good relations between Austria-Hungary and Russia, would give the former genuine guarantees for her future relations with Serbia. The Austro-Hungarian Foreign Minister, however, replies that it is impossible for them to draw back; public opinion would not allow it, and he pointed to Serbia's reply as proof of her insincerity.

The Wolff Bureau fails to publish the text of the Serbian reply, though it was communicated to them, nor does it appear in full in any of the local papers at Berlin. The Russian Chargé d'Affaires remarks that they knew well the calming effect which it would have had on German readers.

The order for general mobilization is signed at Vienna.

The Russian Foreign Minister wires the necessity of Great Britain taking instant mediatory action, and of the military measures undertaken by Austria-Hungary against Serbia being immediately suspended. Otherwise, mediation would only serve as an excuse to make the question drag on, and, in the meantime, make it possible for Austria-Hungary to crush Serbia and acquire a dominant position in the Balkans.

A copy of this telegram is sent to Paris, Berlin, Vienna and Rome.

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July 29 (Wednesday).

The German Ambassador at St Petersburg states in the name of the Chancellor "that Germany has not ceased to exercise a moderating influence at Vienna," and that she would continue to use moderating influence at Vienna even after the declaration of war (against Serbia). The Russian Foreign Minister told the German Ambassador that Russia's measures were not taken against Germany, but because the greater part of the Austro-Hungarian army had been mobilized. They were not aggressive measures against Austria-Hungary either. He was still willing to carry on direct explanations, the course favoured by Germany, if Austria-Hungary was willing. Alternatively he was quite ready for a conference of the four Powers. He favoured parallel discussions by such a conference and by a direct interchange of views between Austria-Hungary and Russia as well. It should be easy to settle the outstanding points after the concessions already made by Serbia.

When this interview took place, the telegram had not been received from Vienna which showed Austria-Hungary's unwillingness to enter into the proposed discussion. The Russian Foreign Minister on receiving this telegram wired to London that nothing remained "but to rely entirely on the British Government to take the initiative in any steps which they may consider advisable."

The German Secretary of State says that no reply about the proposed private discussion at St Petersburg has been received from Vienna. It was difficult for him to produce any effect there, especially openly. If pressure were brought to bear too obviously, "Austria would hasten to face Germany with a *fait accompli*." He had heard that the Russian Foreign Minister seemed more inclined than before to find a compromise acceptable to all parties. The Russian Chargé d'Affaires replied that the Russian Minister had presumably always favoured a compromise "provided always that it were acceptable, not only to Austria, but equally to Russia." The German Secretary of State said that the fact that Russia had begun to mobilize on the Austro-Hungarian frontier would make an understanding with Austria-Hungary more difficult, all the more so as Austria-Hungary was mobilizing against Serbia alone, and was making no preparations on the Russian frontier. The Russian Chargé d'Affaires replied that he had information that Austria-Hungary was mobilizing on the Russian frontier also, and consequently Russia had to take similar steps. No such measures, he added, were directed against Germany.

The Bulgarian Minister announces to the Serbian Prime Minister the intention of Bulgaria to remain neutral.

The French Foreign Minister prepares a short summary of the existing political situation for the President of the French Republic who was just returning to Paris. It ran as follows:

Austria-Hungary, fearing internal disintegration, took the murder of her Archduke as an excuse "for an attempt to obtain guarantees, which may assume the form of an occupation of Serbian military lines or even Serbian territory." Germany was supporting Austria-Hungary. The preservation of peace, Germany contended, depended upon Russia alone for the question at issue must be "localized" between Austria-Hungary and Serbia. That question was the punishment of Serbia for her previous policy and the obtaining of guarantees for the future. To the German sophism that a moderating

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influence should be exerted at St Petersburg the answer given, both in Paris and in London, was "that any action taken should be at Vienna, as it was Austria's inordinate demands, her refusal to discuss Serbia's few reservations, and her declaration of war, that threatened to provoke a general war." Russia had so far shown the greatest moderation, more particularly in her advice to Serbia. Apparently Germany had now given up the idea of pressure on Russia only, and was inclined for mediatory action both at St Petersburg and Vienna, but, at the same time, both Germany and Austria-Hungary were endeavouring to cause the question to drag on. Germany was opposing the conference without suggesting any other practical course of action. Austria-Hungary was continuing discussions at St Petersburg, "which are manifestly of a procrastinating nature." "At the same time she is taking active steps, and if these steps are tolerated, her claims will increase proportionately." It was highly desirable that Russia should support Sir E. Grey's proposal for mediation. Otherwise, Austria-Hungary, on the plea of guarantees, would be able to alter the territorial status of eastern Europe.

Sir E. Grey informs the German Ambassador of the failure of direct discussions between Russia and Austria-Hungary, and of the reports that Russia is mobilizing against Austria-Hungary in consequence of the latter's mobilization. In principle the German Government had declared themselves in favour of mediation, but he was experiencing difficulties with regard to the form. He urged them to indicate themselves the best form for mediation by the four Powers; "France, Italy and Great Britain having consented, mediation could only come into play if Germany consented to range herself on the side of peace."

The French Foreign Minister confirms his Government's firm determination to act in concert with Russia, a determination upheld by all classes and political parties. He had urged the London Cabinet again to put forward its proposals for mediation by the four Powers, under one form or another. The German Ambassador had again assured him of the peaceful intentions of Germany, but, when urged that Germany should support the British proposals, replied that the words "conference" or "arbitration" alarmed Austria-Hungary. The French Foreign Minister retorted "that it was not a question of words, and that it would be easy to find some other form for mediation." The Ambassador then said that it would be necessary to know what Austria-Hungary intended to demand from Serbia. The French Minister thereupon replied that Berlin could easily make this inquiry, and that meanwhile the Serbian reply might form the basis of discussion. He added that France sincerely desired peace, but that she was determined at the same time to act in complete harmony with her allies and friends.

Prince Alexander of Serbia thanks the Tsar for his telegram of the previous day.

The German Ambassador informs the Russian Foreign Minister that his Government has decided to mobilize if Russia does not stop her military preparations. The Russian Foreign Minister wires to Paris that these preparations were only begun "in consequence of the mobilization already undertaken by Austria, and owing to her evident unwillingness to accept any means of arriving at a peaceful settlement of her dispute with Serbia." "As we cannot," he continues, "comply with the wishes of Germany, we have no

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alternative but to hasten on our own military preparations and to assume that war is probably inevitable." He thanks the French Government for their declaration of solidarity with Russia.

This telegram was also sent to the Russian Ambassadors in Great Britain, Austria-Hungary, Italy and Germany.

The bombardment of Belgrade commences on this date, and is announced on the 30th by the Press. According to the newspapers certain acts of hostility, such as the seizing of merchantmen and skirmishing, took place as early as the 28th, or even the 27th, July.

July 30 (Thursday).

A manifesto is issued by the Serbian Government calling upon Serbians to defend their homes and Serbia with all their might.

The speech from the Throne at the opening of the Serbian Parliament calls attention to Serbian efforts to avoid war, and the armed aggression of her powerful neighbours. Montenegro is siding with Serbia. The speech also refers to the promise of Russian protection.

The German Ambassador asks the Russian Foreign Minister "whether Russia would not be satisfied with the promise which Austria might give—that she would not violate the integrity of the Kingdom of Serbia—" and under what conditions Russia would agree to suspend her military preparations.

The Russian Minister thereupon dictates to him the following declaration to be sent to Berlin for immediate action:

"If Austria, recognizing that the Austro-Serbian question has become a question of European interest, declares herself ready to eliminate from her ultimatum such points as violate the sovereign rights of Serbia, Russia undertakes to stop her military preparations."

The Russian Foreign Minister asks his Ambassador to wire the attitude adopted by the German Government, "for we cannot allow such discussions to continue solely in order that Germany and Austria may gain time for their military preparations."

The Russian Ambassador at Berlin wires that the order for the mobilization of the German army and navy has just been issued. He, however, corrects this information in a subsequent wire, as he was assured on the telephone by the German Minister that "the news is false; that the news sheets had been printed in advance so as to be ready for all eventualities." They were put on sale in the afternoon by mistake.

The German Foreign Minister considers it impossible for Austria-Hungary to accept the proposal "for mediation by means of a conference of the four less interested Powers."

Sir E. Grey looks upon the position as most serious, but still wishes to continue the discussion. The Russian Ambassador points out to him that the situation has apparently been modified by the German Ambassador's declaration at St Petersburg regarding German mobilization, which has compromised Russian relations with Germany. This took place after the agreement of the Russian Foreign Minister with Sir E. Grey to accept whatever proposal he might make to preserve peace, provided that Austria-Hungary did not profit by any ensuing delays to crush Serbia. The new situation brought

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"about by the fault of Germany in consequence of the German Ambassador's action" (in threatening to mobilize unless Russia stopped her military preparations against Austria-Hungary) must be taken into consideration. Sir E. Grey said he fully understood.

On being asked by the German Ambassador why Great Britain was taking military measures on land and sea, Sir E. Grey replies "that these measures had no aggressive character, but that the situation was such that each Power must be ready."

July 31 (Friday).

In spite of the general mobilization the Russian Ambassador at Vienna continues the exchange of views with the Austro-Hungarian Government, who disclaimed any hostile intentions against Russia or any design of conquest at the expense of Serbia. They insisted, however, upon the necessity of carrying the thing through and of giving Serbia a serious lesson which would be a sure guarantee for the future.

At the request of the British Government, the Russian Foreign Minister alters his formula to read as follows:

"If Austria will agree to check the advance of her troops on Serbian territory; if, recognizing that the dispute between Austria and Serbia has become a question of European interest, she will allow the Great Powers to look into the matter and decide what satisfaction Serbia could afford to the Austro-Hungarian Government without impairing her rights as a sovereign State or her independence, Russia will undertake to maintain her waiting attitude."

The German Foreign Minister says that the discussions, already difficult enough on account of the mobilization against Austria-Hungary, are becoming even more so "in view of the serious military measures that we (the Russian Government) were taking against Germany," which would necessitate similar measures on her part. The Russian Ambassador replied that he had sure information that "Germany also was very actively engaged in taking military measures against Russia." In spite of this the German Foreign Minister asserted "that the only step taken in Germany has been the recall of officers from leave and of the troops from manœuvres."

The Russian Government thanks Sir E. Grey for the friendly and firm tone taken by him in the discussions, "thanks to which the hope of finding a peaceful issue . . . need not yet be abandoned."

The Russian Foreign Minister's view was that only in London had the discussions still some faint chance of success.

The Austro-Hungarian Ambassador declares to the French Foreign Minister that Austria-Hungary, "far from harbouring any designs against the integrity of Serbia, was in fact ready to discuss the grounds of her grievances against Serbia with the other Powers."

The French Government is much exercised at Germany's extraordinary activity on the French frontier. They are convinced that under the guise of "Kriegszustand," mobilization is in reality being carried out.

At midnight the German Ambassador announces to the Russian Foreign Minister on the instruction of his Government "that if within twelve hours, that is by midnight on Saturday, we" (the Russians) "had not begun to

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demobilize, not only against Germany, but also against Austria, the German Government would be compelled to give the order for mobilization." When asked whether this meant war, the Ambassador replied in the negative, but added that they were very near it.

August 1 (Saturday).

Sir E. Grey wires to Berlin that he considers the last formula accepted by the Russian Government offers the best prospect as a basis of negotiations, and hopes that no Power will open hostilities before its consideration.

Sir E. Grey inquires whether the French and German Governments will respect the neutrality of Belgium. France answers in the affirmative, but the German Government gives no definite answer.

On learning from St Petersburg of Germany's decision to order a general mobilization that day, the President of the French Republic signs the French mobilization order, and lists of the reservists recalled to the colours are posted up in the streets.

The German Ambassador can tell the French Prime Minister nothing fresh. He cannot decipher his telegrams. The Minister tells him of the French order for mobilization "issued in reply to that of Germany," and expresses wonder that "Germany should have taken such a step at a moment when a friendly exchange of views was still in progress between Russia, Austria, and the Powers." He adds that mobilization does not necessarily mean war, and the German Ambassador may stay in Paris as the Russian Ambassador has remained in Vienna and the Austro-Hungarian Ambassador at St Petersburg.

The Russian Ambassador, hearing from the French President that during the last few days the Austro-Hungarian Ambassador "emphatically assured both the President of the Council of Ministers and him that Austria had declared to Russia that she was ready to respect both the territorial integrity of Serbia and also her sovereign rights, but that Russia had intentionally received this declaration in silence," flatly contradicts this statement.

A note containing the German declaration of war against Russia is presented to the Russian Government. It states that the German Government have used every effort since the beginning of the crisis to bring about a peaceful settlement; that the German Emperor had undertaken in concert with Great Britain the part of mediator between Vienna and St Petersburg; that Russia, without waiting for any result, proceeded to a general mobilization on land and sea, a step not justified by any military proceedings on the part of Germany; that Germany was therefore obliged to insist upon a cessation of these military acts, and when Russia refused to comply, and had so shown her action to be aimed at Germany, the German Emperor accepted the challenge.

August 2 (Sunday).

An announcement is issued by the Russian Foreign Minister regarding the crisis.

After referring to the garbled version of events which had appeared in the Foreign Press, the facts are stated to be as follows:

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August 2 (Sunday).

On July 23 the Austro-Hungarian note was presented to Serbia. It accused her Government of having fostered a pan-Serb movement which led to the assassination of the Austro-Hungarian heir-apparent, and Austria-Hungary then demanded not only the condemnation in the most formal manner of this propaganda but also a series of measures under Austro-Hungarian supervision, for the discovery of the plot, the punishment of any Serbians implicated, and for the prevention of any future attempts at assassination. A time limit of forty-eight hours was given to Serbia within which to reply. The text of the note was only communicated to the Russian Government by the Austro-Hungarian Ambassador seventeen hours after its presentation at Belgrade. Some of the demands were impossible; the form of others was inconsistent with the dignity of an independent State. The Russian Government considered the humiliation of Serbia, and the evident intention of Austria-Hungary to secure her own hegemony in the Balkans, inadmissible. It therefore, in a most friendly manner, suggested the re-examination of the points contained in the note. The Austro-Hungarian Government, however, declined to discuss the note; the moderating influence of the four Powers at Vienna was equally unsuccessful. Serbia reprobated the crime and was ready to give satisfaction to an extent beyond the expectations of Russia and the other Powers. Notwithstanding this, the Austro-Hungarian Minister at Belgrade considered the reply insufficient and left the town. Russia had already declared that she could not remain indifferent, though she did her best to find a peaceful issue acceptable to Austria-Hungary. She made it clear, however, that she could accept a peaceful settlement only so far as it involved no humiliation to Serbia as an independent State. Her efforts were fruitless. The Austro-Hungarian Government, shunning any conciliatory intervention by the Powers, mobilized and declared war officially against Serbia, and the next day Belgrade was bombarded. The manifesto accompanying the Austro-Hungarian declaration of war openly accused Serbia of having prepared and carried out the crime at Serajevo. The Russian Government consequently had to order mobilization in the military districts of Kieff, Odessa, Moscow and Kazan. Though five days had elapsed since the first steps taken by Russia, the Vienna Cabinet had not taken one step to meet her in her efforts towards peace. On the contrary, the mobilization of half the Austro-Hungarian army had been ordered. The German Government was kept informed of the steps taken by Russia. It was explained that these steps were in no way aimed at Germany and were only the result of the Austro-Hungarian preparations. Simultaneously the Russian Government declared its willingness to continue discussions either in the form of direct negotiations with Vienna or, as suggested by Great Britain, in the form of a conference of the four Great Powers not directly interested, viz., Great Britain, France, Germany and Italy. Austria-Hungary, however, declined both these methods. Even then Russia did not abandon her efforts for peace. Her Foreign Minister declared to the German Ambassador that she would still agree to suspend her preparations upon Austria-Hungary's recognition that the Austro-Serbian question had assumed a European character, and a declaration by her that she agreed not to insist upon such of her demands as were incompatible with the sovereign rights of Serbia. Germany, however, considered this proposal unacceptable to Austria-Hungary, and at that very

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August 2 (Sunday).

moment the news of the proclamation of general mobilization by Austria-Hungary reached St Petersburg. All this time hostilities were continuing on Serbian territory, and Belgrade was bombarded afresh. The failure of Russia's proposal for peace compelled her to extend the scope of her precautionary measures. The Government, when questioned by Berlin, replied that they were compelled to begin preparations so as to be ready for every emergency. But while taking this precautionary step, Russia still tried for a solution and announced her readiness to accept any proposed settlement, provided it complied with the conditions laid down by her. In spite of this, the German Government on July 31 demanded a suspension of Russia's military measures by midnight on August 1, and threatened, should she fail to comply, to proceed to a general mobilization. The next day the German Ambassador, on behalf of his Government, forwarded his declaration of war to the Russian Minister for Foreign Affairs.

The Russian Foreign Minister wires this same day to his representatives abroad that Germany is trying to foist upon Russia the responsibility for the rupture. To quote his words: "We were forced to mobilize by the immense responsibility which would have fallen upon our shoulders if we had not taken all possible precautionary measures at a time when Austria, while confining herself to discussions of a dilatory nature, was bombarding Belgrade and was undertaking general mobilization." The Tsar had promised the Kaiser to take no aggressive action as long as the discussions with Austria-Hungary continued. Germany could not doubt the Russian declared desire for any peaceful settlement compatible with dignity and independence of Serbia. Any other solution would upset the European balance of power by securing the hegemony of Germany. "The European—nay world wide character of this dispute is infinitely more important than the pretext from which it springs. By her decision to declare war upon us, at a moment when negotiations were in progress between the Powers, Germany has assumed a heavy responsibility."

August 6 (Thursday).

The correspondence ends with the note presented to the Russian Foreign Minister by the Austro-Hungarian Ambassador, declaring that in view of the threatening attitude adopted by Russia in the conflict between Austria-Hungary and Serbia, and of her open hostilities against Germany, Austria-Hungary considers herself at war with Russia.

II. GERMANY'S REASONS FOR WAR WITH RUSSIA

Foreign Office,

Berlin, August, 1914.

On June 28 the Austro-Hungarian successor to the throne, Arch-Duke Franz Ferdinand, and his wife, the Duchess of Hohenberg, were assassinated by a member of a band of Serbian conspirators. The investigation of the crime through the Austro-Hungarian authorities has yielded the fact that

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the conspiracy against the life of the Arch-Duke and successor to the throne was prepared and abetted in Belgrade with the co-operation of Serbian officials, and executed with arms from the Serbian State arsenal. This crime must have opened the eyes of the entire civilized world, not only in regard to the aims of the Serbian policies directed against the conservation and integrity of the Austro-Hungarian monarchy, but also concerning the criminal means which the pan-Serb propaganda in Serbia had no hesitation in employing for the achievement of these aims.

The goal of these policies was the gradual revolutionizing and final separation of the south-easterly districts from the Austro-Hungarian monarchy and their union with Serbia. This direction of Serbia's policy has not been altered in the least in spite of the repeated and solemn declarations of Serbia in which it vouchsafed a change in these policies toward Austria-Hungary as well as the cultivation of good and neighbourly relations.

In this manner for the third time in the course of the last six years Serbia has led Europe to the brink of a world-war.

It could only do this because it believed itself supported in its intentions by Russia.

Russia, soon after the events brought about by the Turkish revolution of 1908, endeavoured to found a union of the Balkan States under Russian patronage and directed against the existence of Turkey. This union, which succeeded in 1911 in driving out Turkey from a greater part of her European possessions, collapsed over the question of the distribution of spoils. The Russian policies were not dismayed over this failure. According to the idea of the Russian statesmen a new Balkan union under Russian patronage should be called into existence, headed no longer against Turkey, now dislodged from the Balkan, but against the existence of the Austro-Hungarian monarchy. It was the idea that Serbia should cede to Bulgaria those parts of Macedonia which it had received during the last Balkan war, in exchange for Bosnia and the Herzegovina which were to be taken from Austria. To oblige Bulgaria to fall in with this plan it was to be isolated, Roumania attached to Russia with the aid of French propaganda, and Serbia promised Bosnia and the Herzegovina.

Under these circumstances it was clear to Austria that it was not compatible with the dignity and the spirit of self-preservation of the monarchy to view idly any longer this agitation across the border. The Imperial and Royal Government apprised Germany of this conception and asked for our opinion. With all our heart we were able to agree with our ally's estimate of the situation, and assure him that any action considered necessary to end the movement in Serbia directed against the conservation of the monarchy would meet with our approval.

We were perfectly aware that a possible warlike attitude of Austria-Hungary against Serbia might bring Russia upon the field, and that it might therefore involve us in a war, in accordance with our duty as allies. We could not, however, in these vital interests of Austria-Hungary, which were at stake, advise our ally to take a yielding attitude not compatible with his dignity, nor deny him our assistance in these trying days. We could do this all the less as our own interests were menaced through the continued Serb agitation. If the Serbs continued with the aid of Russia and France to menace the existence of Austria-Hungary, the gradual collapse of Austria and the

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subjection of all the Slavs under one Russian sceptre would be the consequence, thus making untenable the position of the Teutonic race in Central Europe. A morally weakened Austria under the pressure of Russian pan-Slavism would be no longer an ally on whom we could count and in whom we could have confidence, as we must be able to have, in view of the ever more menacing attitude of our easterly and westerly neighbours. We, therefore, permitted Austria a completely free hand in her action towards Serbia but have not participated in her preparations.

Austria chose the method of presenting to the Serbian Government a note, in which the direct connection between the murder at Sarajevo and the pan-Serb movement, as not only countenanced but actively supported by the Serbian Government, was explained, and in which a complete cessation of this agitation, as well as a punishment of the guilty, was requested. At the same time Austria-Hungary demanded as necessary guarantee for the accomplishment of her desire the participation of some Austrian officials in the preliminary examination on Serbian territory and the final dissolution of the pan-Serb societies agitating against Austria-Hungary. The Imperial and Royal Government gave a period of forty-eight hours for the unconditional acceptance of its demands.

The Serbian Government started the mobilization of its army one day after the transmission of the Austro-Hungarian note.

As after the stipulated date the Serbian Government rendered a reply which, though complying in some points with the conditions of Austria-Hungary, yet showed in all essentials the endeavour through procrastination and new negotiations to escape from the just demands of the monarchy, the latter discontinued her diplomatic relations with Serbia without indulging in further negotiations or accepting further Serbian assurances, whose value, to its loss, she had sufficiently experienced.

From this moment Austria was in fact in a state of war with Serbia, which it proclaimed officially on July 28 by declaring war.

From the beginning of the conflict we assumed the position that there were here concerned the affairs of Austria alone, which it would have to settle with Serbia. We therefore directed our efforts toward the localizing of the war, and toward convincing the other powers that Austria-Hungary had to appeal to arms in justifiable self-defence, forced upon her by the conditions. We emphatically took the position that no civilized country possessed the right to stay the arm of Austria in this struggle with barbarism and political crime, and to shield the Serbians against their just punishment. In this sense we instructed our representatives with the foreign powers.

Simultaneously the Austro-Hungarian Government communicated to the Russian Government that the step undertaken against Serbia implied merely a defensive measure against the Serb agitation, but that Austria-Hungary must of necessity demand guarantees for a continued friendly behaviour of Serbia towards the monarchy. Austria-Hungary had no intention whatsoever to shift the balance of power in the Balkan.

In answer to our declaration that the German Government desired, and aimed at, a localization of the conflict, both the French and the English Governments promised an action in the same direction. But these endeavours did not succeed in preventing the interposition of Russia in the Austro-Serbian disagreement.

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The Russian Government submitted an official communiqué on July 24, according to which Russia could not possibly remain indifferent in the Serbio-Austrian conflict. The same was declared by the Russian Secretary of Foreign Affairs, M. Sazonow, to the German Ambassador, Count Pourtalès, in the afternoon of July 26. The German Government declared again, through its Ambassador at St Petersburg, that Austria-Hungary had no desire for conquest and only wished peace at her frontiers. After the official explanation by Austria-Hungary to Russia that it did not claim territorial gain in Serbia, the decision concerning the peace of the world rested exclusively with St Petersburg.

The same day the first news of Russian mobilization reached Berlin in the evening.

The German Ambassadors at London, Paris, and St Petersburg were instructed to energetically point out the danger of this Russian mobilization. The Imperial Ambassador at St Petersburg was also directed to make the following declaration to the Russian Government:

"Preparatory military measures by Russia will force us to counter-measures which must consist in mobilizing the army.

"But mobilization means war.

"As we know the obligations of France towards Russia, this mobilization would be directed against both Russia and France. We cannot assume that Russia desires to unchain such a European war. Since Austria-Hungary will not touch the existence of the Serbian kingdom, we are of the opinion that Russia can afford to assume an attitude of waiting. We can all the more support the desire of Russia to protect the integrity of Serbia as Austria-Hungary does not intend to question the latter. It will be easy in the further development of the affair to find a basis for an understanding."

On July 27 the Russian Secretary of War, M. Ssuchomlinow, gave the German military attaché his word of honour that no order to mobilize had been issued, merely preparations were being made, but not a horse mustered, nor reserves called in. If Austria-Hungary crossed the Serbian frontier, the military districts directed towards Austria, i.e. Kiev, Odessa, Moscow, Kazan, would be mobilized, under no circumstances those situated on the German frontier, i.e. St Petersburg, Vilna and Warsaw. Upon inquiry into the object of the mobilization against Austria-Hungary, the Russian Minister of War replied by shrugging his shoulders and referring to the diplomats. The military attaché then pointed to these mobilization measures against Austria-Hungary as extremely menacing also for Germany.

In the succeeding days news concerning Russian mobilization came at a rapid rate. Among it was also news about preparations on the German-Russian frontier, as for instance the announcement of the state of war in Kovno, the departure of the Warsaw garrison, and the strengthening of the Alexandrovo garrison.

On July 27 the first information was received concerning preparatory measures taken by France: the 14th Corps discontinued the manœuvres and returned to its garrison.

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In the meantime we had endeavoured to localize the conflict by most emphatic steps.

On July 26 Sir Edward Grey had made the proposal to submit the differences between Austria-Hungary and Serbia to a conference of the Ambassadors of Germany, France, and Italy under his chairmanship. We declared in regard to this proposal that we could not, however much we approved the idea, participate in such a conference, as we could not call Austria in her dispute with Serbia before a European tribunal.

France consented to the proposal of Sir Edward Grey, but it foundered upon Austria's declining it, as was to be expected.

Faithful to our principle that mediation should not extend to the Austro-Serbian conflict, which is to be considered as a purely Austro-Hungarian affair, but merely to the relations between Austria-Hungary and Russia, we continued our endeavours to bring about an understanding between these two powers.

We further declared ourselves ready, after failure of the conference idea, to transmit a second proposal of Sir Edward Grey's to Vienna in which he suggested Austria-Hungary should decide that either the Serbian reply was sufficient, or that it be used as a basis for further negotiations. The Austro-Hungarian Government remarked with full appreciation of our action that it had come too late, the hostilities having already been opened.

In spite of this we continued our attempts to the utmost, and we advised Vienna to show every possible advance compatible with the dignity of the monarchy.

Unfortunately, all these proposals were overtaken by the military preparations of Russia and France.

On July 29 the Russian Government made the official notification in Berlin that four army districts had been mobilized. At the same time further news was received concerning rapidly progressing military preparations of France, both on water and on land.

On the same day the Imperial Ambassador in St Petersburg had an interview with the Russian Foreign Secretary, in regard to which he reported by telegraph, as follows:

"The Secretary tried to persuade me that I should urge my Government to participate in a quadruple conference to find means to induce Austria-Hungary to give up those demands which touch upon the sovereignty of Serbia. I could merely promise to report the conversation and took the position that, after Russia had decided upon the baneful step of mobilization, every exchange of ideas appeared now extremely difficult, if not impossible. Besides, Russia now was demanding from us in regard to Austria-Hungary the same which Austria-Hungary was being blamed for with regard to Serbia, i.e. an infraction of sovereignty. Austria-Hungary having promised to consider the Russian interests by disclaiming any territorial aspiration—a great concession on the part of a state engaged in war—should therefore be permitted to attend to its affair with Serbia alone. There would be time at the peace conference to return to the matter of forbearance towards the sovereignty of Serbia.

"I added very solemnly that at this moment the entire Austro-Serbian

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affair was eclipsed by the danger of a general European conflagration, and I endeavoured to present to the Secretary the magnitude of this danger.

"It was impossible to dissuade Sasonow from the idea that Serbia could not now be deserted by Russia."

On July 29 the German Military Attaché at St Petersburg wired the following report on a conversation with the Chief of the General Staff of the Russian army:

"The Chief of the General Staff has asked me to call on him, and he has told me that he has just come from His Majesty. He has been requested by the Secretary of War to reiterate once more that everything had remained as the Secretary had informed me two days ago. He offered confirmation in writing and gave me his word of honour in the most solemn manner that nowhere there had been a mobilization, viz. calling in of a single man or horse up to the present time, i.e. 3 o'clock in the afternoon. He could not assume a guaranty for the future, but he could emphasize that in the fronts directed towards our frontiers His Majesty desired no mobilization.

"As, however, I had received here many pieces of news concerning the calling in of the reserves in different parts of the country also in Warsaw and in Vilna, I told the general that his statements placed me before a riddle. On his officer's word of honour he replied that such news was wrong, but that possibly here and there a false alarm might have been given.

"I must consider this conversation as an attempt to mislead us as to the extent of the measures hitherto taken in view of the abundant and positive information about the calling in of reserves."

In reply to various inquiries concerning reasons for its threatening attitude, the Russian Government repeatedly pointed out that Austria-Hungary had commenced no conversation in St Petersburg. The Austro-Hungarian Ambassador in St Petersburg was therefore instructed on July 29, at our suggestion, to enter into such conversation with Sasonow. Count Szapary was empowered to explain to the Russian minister the note to Serbia though it had been overtaken by the state of war, and to accept any suggestion on the part of Russia as well as to discuss with Sasonow all questions touching directly upon the Austro-Russian relations.

Shoulder to shoulder with England we laboured incessantly and supported every proposal in Vienna from which we hoped to gain the possibility of a peaceable solution of the conflict. We even as late as July 30 forwarded the English proposal to Vienna, as basis for negotiations, that Austria-Hungary should dictate her conditions in Serbia, i.e. after her march into Serbia. We thought that Russia would accept this basis.

During the interval from July 29 to July 31 there appeared renewed and cumulative news concerning Russian measures of mobilization. Accumulation of troops on the East Prussian frontier and the declaration of the state of war over all important parts of the Russian west frontier allowed no further doubt that the Russian mobilization was in full swing against us, while

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simultaneously all such measures were denied to our representative in St Petersburg on word of honour.

Nay, even before the reply from Vienna regarding the Anglo-German mediation whose tendencies and basis must have been known in St Petersburg, could possibly have been received in Berlin, Russia ordered a general mobilization.

During the same days, there took place between His Majesty the Kaiser and Tsar Nicholas an exchange of telegrams in which His Majesty called the attention of the Tsar to the menacing character of the Russian mobilization during the continuance of his own mediating activities.

On July 31 the Tsar directed the following telegram to His Majesty the Kaiser:

"I thank You cordially for Your mediation which permits the hope that everything may yet end peaceably. It is technically impossible to discontinue our military preparations which have been made necessary by the Austrian mobilization. It is far from us to want war. As long as the negotiations between Austria and Serbia continue, my troops will undertake no provocative action. I give You my solemn word thereon. I confide with all my faith in the grace of God, and I hope for the success of Your mediation in Vienna for the welfare of our countries and the peace of Europe.

"Your cordially devoted
"Nicolas."

This telegram of the Tsar crossed with the following, sent by H.M. the Kaiser, also on July 31, at 2 p.m.:

"Upon Your appeal to my friendship and Your request for my aid I have engaged in mediation between Your Government and the Government of Austria-Hungary. While this action was taking place, Your troops were being mobilized against my ally Austria-Hungary, whereby, as I have already communicated to You, my mediation has become almost illusory. In spite of this, I have continued it, and now I receive reliable news that serious preparations for war are going on on my eastern frontier. The responsibility for the security of my country forces me to measures of defence. I have gone to the extreme limit of the possible in my efforts for the preservation of the peace of the world. It is not I who bear the responsibility for the misfortune which now threatens the entire civilized world. It rests in Your hand to avert it. No one threatens the honour and peace of Russia which might well have awaited the success of my mediation. The friendship for You and Your country, bequeathed to me by my grand-father on his deathbed, has always been sacred to me, and I have stood faithfully by Russia while it was in serious affliction, especially during its last war. The peace of Europe can still be preserved by You if Russia decides to discontinue those military preparations which menace Germany and Austria-Hungary."

Before this telegram reached its destination, the mobilization of all the Russian forces, obviously directed against us and already ordered during the afternoon of July 31, was in full swing. Notwithstanding, the telegram of the Tsar was sent at 2 o'clock that same afternoon.

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After the Russian general mobilization became known in Berlin, the Imperial Ambassador at St Petersburg was instructed on the afternoon of July 31 to explain to the Russian Government that Germany declared the state of war as counter-measure against the general mobilization of the Russian army and navy which must be followed by mobilization if Russia did not cease its military measures against Germany and Austria-Hungary within twelve hours, and notified Germany thereof.

At the same time the Imperial Ambassador in Paris was instructed to demand from the French Government a declaration within eighteen hours, whether it would remain neutral in a Russo-German war.

The Russian Government destroyed through its mobilization, menacing the security of our country, the laborious action at mediation of the European Cabinets. The Russian mobilization in regard to the seriousness of which the Russian Government was never allowed by us to entertain a doubt, in connection with its continued denial, shows clearly that Russia wanted war.

The Imperial Ambassador at St Petersburg delivered his note to M. Sazonow on July 31 at 12 o'clock midnight.

The reply of the Russian Government has never reached us.

Two hours after the expiration of the time limit the Tsar telegraphed to H.M. the Kaiser, as follows:

"I have received Your telegram, I comprehend that You are forced to mobilize, but I should like to have from You the same guaranty which I have given You, viz. that these measures do not mean war, and that we shall continue to negotiate for the welfare of our two countries and the universal peace which is so dear to our hearts. With the aid of God it must be possible to our long tried friendship to prevent the shedding of blood. I expect with full confidence Your urgent reply."

To this H.M. the Kaiser replied:

"I thank You for Your telegram. I have shown yesterday to Your Government the way through which alone war may yet be averted. Although I asked for a reply by to-day noon, no telegram from my Ambassador has reached me with the reply of Your Government. I therefore have been forced to mobilize my army. An immediate, clear and unmistakable reply of Your Government is the sole way to avoid endless misery. Until I receive this reply I am unable, to my great grief, to enter upon the subject of Your telegram. I must ask most earnestly that you, without delay, order Your troops to commit, under no circumstances, the slightest violation of our frontiers."

As the time limit given to Russia had expired without the receipt of a reply to our inquiry, H.M. the Kaiser ordered the mobilization of the entire German Army and Navy on August 1 at 5 p.m.

The German Ambassador at St Petersburg was instructed that, in the event of the Russian Government not giving a satisfactory reply within the stipulated time, he should declare that we considered ourselves in a state of

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war after the refusal of our demands. However, before a confirmation of the execution of this order had been received, that is to say, already in the afternoon of August 1, i.e., the same afternoon on which the telegram of the Tsar, cited above, was sent, Russian troops crossed our frontier and marched into German territory.

Thus Russia began the war against us.

Meanwhile the Imperial Ambassador in Paris put our question to the French Cabinet on July 31 at 7 p.m.

The French Prime Minister gave an equivocal and unsatisfactory reply on August 1 at 1 p.m. which gave no clear idea of the position of France, as he limited himself to the explanation that France would do that which her interests demanded. A few hours later, at 5 p.m., the mobilization of the entire French army and navy was ordered.

On the morning of the next day France opened hostilities.

DOCUMENTS APPENDED TO STATEMENT OF GERMAN CASE

<i>Austro-Hungarian Note.</i>	<i>Serbian Reply.</i>	<i>Austro-Hungarian Comments on Reply.</i>
1914. July 23. On March 31, 1909, the Serbian Minister made the following statement at Vienna: Serbia declares she is not affected by the situation established in Bosnia. She will therefore adapt herself to the decisions about to be come to by the Powers in reference to Art. 25 of the Berlin Treaty. She will cease protest or resistance relative to the annexation, will change the direction of her present policies toward Austria-Hungary, and in the future will live with the latter in friendly and neighbourly relations. Events, especially the	1914. July 25. The Serbian Government are sure the misunderstanding will be removed by this reply. The former protests against "the great neighbourly Monarchy" as well as any attempts by corporations or officials to alter the status in Bosnia and Herzegovina, stopped with the Serbian declaration of March 31, 1909. The only protest made by the Austro-Hungarian Government was against a text book about which a satisfactory explanation was given. During the Balkan crisis Serbia was mode-	The Serbian Government or its officials are not accused of having undertaken anything official to alter the position of Bosnia and Herzegovina. The charge is that Serbia has omitted to suppress the movement against the territorial integrity of the Austro-Hungarian Monarchy. She ought to have done more than simply abstain from interfering with the possession of Bosnia and should have changed "her attitude and the entire direction of her policies." The Serbian reply deliberately shifts the foundation of the note

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<i>Austro-Hungarian Note.</i>	<i>Serbian Reply.</i>	<i>Austro-Hungarian Comments on Reply.</i>
<p>Sarajevo murder on June 28, reveal a subversive movement in Serbia "developed" under the eyes of the Serbian Government to separate certain territories from Austria-Hungary. This movement found expression subsequently outside Serbia in acts of terrorism and a series of assassinations and murders.</p> <p>(1) The Serbian Government has done nothing to suppress this movement.</p> <p>(2) It suffered the criminal doings of various associations directed against Austria-Hungary, the unbridled language of the press, the glorification of originators of assassinations, and the participation of officers and officials in subversive intrigues.</p> <p>(3) It suffered unwholesome propaganda in public education.</p> <p>(4) It permitted all manifestations which would mislead Serbian people into hatred and contempt for Austria-Hungary and her institutions.</p> <p>(5) It is plain from evidence and confessions that the Sarajevo</p>	<p>rate and pacific, and it was owing to her sacrifices that the peace of Europe was maintained.</p> <p>The Serbian Government cannot be made responsible for "expressions of a private character," e.g. press articles and peaceable work of societies, expressions common in other countries.</p> <p>The Government has shown great courtesy in the solution of a whole series of Austro-Serbian questions.</p> <p>The Serbian Government is painfully surprised by the assertions</p>	<p>by limiting its reply as though official attempts were in question.</p> <p>This assertion is in strong contrast to the institutions of modern states and even the most liberal of press and society laws, which nearly everywhere impose a certain State control. Serbian institutions also provide for this control. The charge is that Serbia "has totally omitted to supervise its press and its societies, in so far as it knew their direction to be hostile to the monarchy."</p> <p>This assertion is incorrect. "The Serbian Government was accu-</p>

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<i>Austro-Hungarian Note.</i>	<i>Serbian Reply.</i>	<i>Austro-Hungarian Comments on Reply.</i>
<p>murder was conceived at Belgrade. Serbian officers and officials belonging to the Narodna Odbrana gave the murderers arms and bombs and arranged for their transportation into Bosnia. An attitude of waiting is no longer possible for Austria-Hungary. The permanent menace of these intrigues must be terminated.</p>	<p>that its citizens participated in the preparations for the Sarajevo outrage. It expected to be invited to co-operate in the investigation of the crime, was ready to prove its complete correctness, and to proceed against all persons about whom it received information.</p> <p>The Serbian Government will surrender to the Court, without regard to position or rank, every citizen proved to it to have participated in the crime.</p>	<p>rately informed about the suspicion resting upon quite definite personalities." They were also obliged by their own laws to start investigations spontaneously. They have done nothing.</p>
<p>In order to give these obligations a solemn character, the Serbian Government was required to publish on the first page of its official organ of July 26, 1914 the following declaration:</p> <p>"The Royal Serbian Government condemns the propaganda directed against Austria-Hungary, i.e., the entirety of those machinations whose aim it is to separate from the Austro-Hungarian monarchy territories belonging thereto, and she regrets sincerely the ghastly consequences of those criminal actions."</p>	<p>It binds itself to publish on the first page of the Official Gazette of July 26 the following enunciation:</p> <p>"The Royal Serbian Government condemns every propaganda which should be directed against Austria-Hungary—i.e. the entirety of such activities as aim towards the separation of certain territories from the Austro-Hungarian monarchy, and it regrets sincerely the lamentable consequences of these criminal machinations."</p>	<p>The Austro-Hungarian demand reads:</p> <p>"The Royal Serbian Government condemns the propaganda against Austria-Hungary." . . .</p> <p>The alteration in the declaration implies that no such propaganda exist. "This formula is insincere," and a subterfuge intended for use later.</p>

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<i>Austro-Hungarian Note.</i>	<i>Serbian Reply.</i>	<i>Austro-Hungarian Comments on Reply.</i>
<p>"The Royal Serbian Government regrets that Serbian officers and officials have participated in the propaganda, cited above, and have thus threatened the friendly and neighbourly relations which the Royal Government was solemnly bound to cultivate by its declaration of March 31, 1909.</p> <p>"The Royal Government, which disapproves and rejects every thought or every attempt at influencing the destinations of the inhabitants of any part of Austria - Hungary, considers it its duty to call most emphatically to the attention of its officers and officials, and of the entire population of the kingdom, that it will henceforward proceed with the utmost severity against any persons guilty of similar actions, to prevent and suppress which it will make every effort."</p>	<p>The Serbian Government regrets that "according to a communication of the Imperial and Royal Government certain Serbian officers and functionaries have participated in the propaganda."...</p> <p>The Government... (then follow words identical with those demanded in the Austro-Hungarian note).</p>	<p>The formula demanded by Austria-Hungary did not contain the words "according to a communication of the I. and R. Government." Objection is taken to the insertion and also to the other points in which the text of the reply differs from the Austro-Hungarian note, for reasons given in the case of the last paragraph.</p>
<p>The Royal Serbian Government binds itself, in addition, as follows:</p> <p>(1) To suppress any publication which fosters hatred of, and contempt for, the Austro-Hungarian monar-</p>	<p>The Serbian Government binds itself further:</p> <p>(1) During the next regular meeting of the Skuptschina to embody in the press laws a clause, to wit, that the incitement to hatred of,</p>	<p>Austria-Hungary objects to this reply as evasive. It wished to oblige the Serbian Government to take care that no such press attacks are in future made.</p> <p>The offer of legisla-</p>

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<i>Austro-Hungarian Note.</i>	<i>Serbian Reply.</i>	<i>Austro-Hungarian Comments on Reply.</i>
<p>chy, and whose general tendency is directed against the latter's territorial integrity.</p> <p>(2) To proceed at once with the dissolution of the society Narodna Odbrana, to confiscate their entire means of propaganda, and to proceed in the same manner against the other societies and associations in Serbia which occupy themselves with the propaganda against Austria-Hungary. The Royal Government will take</p>	<p>and contempt for, the monarchy is to be most severely punished, as well as every publication whose general tendency is directed against the territorial integrity of Austria-Hungary.</p> <p>It binds itself in view of the coming revision of the constitution to embody an amendment into Art. 22 of the constitutional law which permits the confiscation of such publications as is at present impossible according to the clear definition of Art. 22 of the constitution.</p> <p>(2) The Government possesses no proofs and the note of the I. and R. Government does not submit them that the society Narodna Odbrana and other similar societies have committed, up to the present, any criminal actions of this manner through any one of their members. Notwithstanding this, the Royal Government will</p>	<p>tion as a means to this end is insufficient for the following reasons:</p> <p>(1) A law under which expressions hostile to the monarchy can be individually punished is of no use. . . . Individual prosecutions are rarely possible, and, with a lax enforcement, the few cases would not be punished.</p> <p>(2) The mere amendment of the Constitution to permit of confiscation is not enough without a Government undertaking to enforce it.</p> <p>(3) No time is mentioned within which the laws would be passed. If the parliament failed to pass them, everything would remain as it was, except that possibly the Government would resign.</p> <p>To this Austria-Hungary objects that "the propaganda of the Narodna Odbrana fills the entire public life of Serbia." An assertion that the Government knows nothing about it is therefore "an entirely unacceptable reserve"; nor does the Government undertake to confiscate the means of propaganda so as to prevent the reformation</p>

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<i>Austro-Hungarian Note.</i>	<i>Serbian Reply.</i>	<i>Austro-Hungarian Comments on Reply.</i>
<p>the necessary measures, so that the dissolved societies may not continue their activities under another name or in another form.</p>	<p>accept the demand of the I. and R. Government and dissolve the society Narodna Odbrana, as well as every society which should act against Austria-Hungary.</p>	<p>of the dissolved societies under another name and form. No guarantee is therefore offered that this kind of agitation will be terminated.</p>
<p>(3) Without delay to eliminate from the public instruction in Serbia, so far as the corps of instructors, as well as the means of instruction, are concerned, that which serves, or may serve, to foster the propaganda against Austria-Hungary.</p>	<p>(3) The Royal Serbian Government binds itself without delay to eliminate from the public instruction in Serbia anything which might further the propaganda directed against Austria-Hungary provided the I. and R. Government furnishes actual proofs.</p>	<p>Objection is made to the demand for proof. The Serbian Government must, it is said, know:</p> <p>(1) That the school textbooks contain objectionable matter.</p> <p>(2) That a large number of the teachers "are in the camp of the Narodna Odbrana and affiliated societies."</p> <p>Also Austria-Hungary objects to the omission of the words, "as far as the body of instructors is concerned, as well as the means of instruction," which show clearly where the propaganda hostile to the monarchy is to be found in the Serbian schools.</p>
<p>(4) To remove from military service and the administration in general all officers and officials who are guilty of propaganda against Austria-Hungary, and whose names, with a communication of the material which the Imperial and Royal</p>	<p>(4) The Royal Government is also ready to dismiss those officers and officials from the military and civil services in regard to whom it has been proved by judicial investigation that they have been guilty of actions against the territorial integrity</p>	<p>Austria-Hungary objects to Serbia limiting dismissal to cases in which the persons referred to had been charged with a crime according to the statutory code. Propaganda hostile to the monarchy is generally not so punishable in Serbia.</p>

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<i>Austro-Hungarian Note.</i>	<i>Serbian Reply.</i>	<i>Austro-Hungarian Comments on Reply.</i>
Government possesses against them, the Imperial and Royal Government reserves the right to communicate to the Royal Government.	of the monarchy; it expects that the I. and R. Government communicate to it for the purpose of starting the investigation the names of these officers and officials, and the facts with which they have been charged.	
(5) To consent that in Serbia officials of the Imperial and Royal Government co-operate in the suppression of a movement directed against the territorial integrity of the monarchy.	(5) The Royal Government confesses that it is not clear about the sense and the scope of that demand of the I. and R. Government which concerns the obligation on the part of the Royal Serbian Government to permit the co-operation of officials of the I. and R. Government on Serbian territory, but it declares that it is willing to accept every co - operation which does not run counter to international law and criminal law, as well as to the friendly and neighbourly relations.	It is objected that neither international nor criminal law have anything to do with the question. "It is purely a matter of the nature of state police" to be solved by a special agreement. The reserved attitude of Serbia is incomprehensible and its vague form would lead to unbridgeable difficulties.
(6) To commence a judicial investigation against the participants of the conspiracy of June 28, who are on Serbian territory. Officials, delegated by the Imperial and Royal Government, will participate in the examinations.	(6) The Royal Government considers it its duty as a matter of course to begin an investigation against all those persons who have participated in the outrage of June 28 and who are in its territory. As far as the co-operation in this investigation	Austria - Hungary's demand was clear: (1) Criminal procedure against participants. (2) Participation of her own officials in the examinations. Participation of Austro-Hungarian officials was only required on

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<i>Austro-Hungarian Note.</i>	<i>Serbian Reply.</i>	<i>Austro-Hungarian Comments on Reply.</i>
<p>(7) To proceed at once with all severity to arrest Major Voja Tankosic and a certain Milan Ciganowic, Serbian State officials, who have been compromised through the result of the investigation.</p>	<p>tion of specially delegated officials of the I. and R. Government is concerned, this cannot be accepted, as this is a violation of the constitution and of criminal procedure. Yet in some cases the result of the investigation might be communicated to the Austro-Hungarian officials.</p> <p>(7) The Royal Government has ordered on the evening of the day on which the note was received the arrest of Major Voislav Tankosic. However, as far as Milan Ciganowic is concerned, who is a citizen of the Austro-Hungarian Monarchy and who has been employed till June 28 with the Railroad Department, it has as yet been impossible to locate him, wherefor a warrant has been issued against him.</p> <p>The I. and R. Government is asked to make known, as soon as possible, for the purpose of conducting the investigation, the existing grounds for suspicion and the proofs of guilt, obtained in the investigation at Sarajevo.</p>	<p>"récherche" and not in "enquête judiciaire," viz., in the simple police researches which have to furnish and fix the material for the investigation.</p> <p>The misunderstanding if it exists is, they say, deliberate, and the Serbian Government is trying to avoid control of investigation, which might yield undesirable results for it if correctly carried out.</p> <p>This reply is called disingenuous.</p> <p>(1) Ciganowic, they say, by order of the prefect of police, left Belgrade three days after the outrage for Ribari, when his participation was known. He did not leave the Serbian service on June 28.</p> <p>(2) The prefect of police, who knew where he was, declared that no such man existed in Belgrade.</p>

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<i>Austro-Hungarian Note.</i>	<i>Serbian Reply.</i>	<i>Austro-Hungarian Comments on Reply.</i>
<p>(8) To prevent through effective measures the participation of the Serbian authorities in the smuggling of arms and explosives across the frontier and to dismiss those officials of Shabatz and Loznica, who assisted the originators of the crime of Sarajevo in crossing the frontier.</p>	<p>(8) The Serbian Government will amplify and render more severe the existing measures against the suppression of smuggling of arms and explosives.</p> <p>"It is a matter of course that it will proceed at once against, and punish severely, those officials of the frontier service on the line Shabatz—Loznica who violated their duty and who have permitted the perpetrators of the crime to cross the frontier.</p>	
<p>(9) To give to the Imperial and Royal Government explanations in regard to the unjustifiable remarks of high Serbian functionaries in Serbia and abroad who have not hesitated, in spite of their official position, to express themselves in interviews in a hostile manner against Austria-Hungary after the outrage of June 28.</p>	<p>(9) The Royal Government is ready to give explanations about the expressions which its officials in Serbia and abroad have made in interviews after the outrage and which, according to the assertion of the I. and R. Government, were hostile to the Monarchy. As soon as the I. and R. Government points out in detail where those expressions were made and succeeds in proving that those expressions have actually been made by the functionaries concerned, the Royal Government itself will take care that the necessary evidences and proofs are collected therefor.</p>	<p>The Serbian Government must be aware of these interviews. If it asks for "all kinds of detail" and "if it reserves for itself the right of a formal investigation," it shows that it has no intention of fulfilling the demand.</p>

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<i>Austro-Hungarian Note.</i>	<i>Serbian Reply.</i>	<i>Austro-Hungarian Comments on Reply.</i>
<p>(10) The Imperial and Royal Government expects a reply from the Royal Government at the latest until Saturday, 25th inst., at 6 p.m. A memoir concerning the results of the investigations at Sarajevo, so far as they concern points 7 and 8, is enclosed with this note.</p>	<p>(10) The Royal Government will notify the I. and R. Government, so far as this has not been already done by the present note, of the execution of the measures in question as soon as one of those measures has been ordered and put into execution.</p> <p>The Royal Serbian Government believes it to be to the common interest not to rush the solution of this affair, and it is therefore, in case the I. and R. Government should not consider itself satisfied with this answer, ready, as ever, to accept a peaceable solution, be it by referring the decision of this question to the International Court at the Hague or by leaving it to the decision of the Great Powers who have participated in the working out of the declaration given by the Serbian Government on March 31, 1909.</p>	<p>The Serbian Note, therefore, is entirely a play for time.</p>

ENCLOSURE ATTACHED TO AUSTRO-HUNGARIAN NOTE.

The investigation at Sarajevo against Gabrielo Princip and his accomplices has so far yielded the following results:

- (1) The murder plot was conceived in Belgrade by Princip, Nedeljki,

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Gabrinowic, and a certain Milan Ciganowic and Tripko Grataz with the aid of Major Voja Tankosic.

(2) The six bombs and four pistols used were presented by Milan Ciganowic and Major Tankosic to Princip and Gabrinowic in Belgrade.

(3) The bombs were hand grenades from the Serbian military arsenal.

(4) Milan Ciganowic taught Princip Gabrinowic to use the grenades and the pistols in a forest outside Belgrade near the target practice field.

(5) A secret system of transportation to smuggle the assassins and their weapons over the frontier was organized by Ciganowic.

The frontier captains of Shabatz and Loznica, the Customs official Radioz Gebic of Loznica, and several others helped.

EXHIBITS APPENDED TO GERMAN OFFICIAL CASE.

EXHIBIT I

GERMAN CHANCELLOR TO GERMAN AMBASSADORS AT PARIS, LONDON AND ST PETERSBURG, JULY 23, 1914.

The publications of the Austro-Hungarian Government relating to the Sarajevo murders show:

(1) The aims of the Pan-Serb propaganda.

(2) The means utilized.

(3) The centre of action for the efforts for the separation of the South Slavic provinces from Austria-Hungary to be in Belgrade.

(4) The connivance of Serbian officials and officers.

Serb intrigues may be traced through a series of years:

(1) Pan-Serb Chauvinism was marked in Bosnian crisis. A conflict was only then avoided by Austro-Hungarian moderation and the intercession of the Powers.

(2) Serbia's assurance has not been kept.

(3) Under the very eyes, at least with the tacit sufferance of official Serbia, the propaganda has spread.

(4) At its doors lie the Sarajevo murders of which the threads lead to Belgrade.

The safety and integrity of Austria-Hungary was permanently threatened. Her dignity demanded active steps, and her demands are justified.

A provocative attitude by Serbia seems likely. Not to press its demands, if need be by military measures, would be for Austria-Hungary to renounce her position as a great Power. The means must be left to her.

These views are to be put before the Governments of the Entente Powers and the necessity of leaving the question to be settled between Austria-Hungary and Serbia emphasized. Localization is anxiously desired. Every intercession of another Power on account of the various treaty alliances, would lead to incalculable consequences.

EXHIBIT II

THE GERMAN CHANCELLOR TO THE GOVERNMENTS OF GERMANY (CONFIDENTIAL), JULY 28, 1914.

The views with regard to Pan-Slav machinations and the responsibility for the Sarajevo murders already set out in Exhibit I are again put

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forward in much the same language. "Some Russian personalities," says the Chancellor, deem it their right and Russia's task to take part in the conflict. The *Nowoje Wremja* (a St Petersburg newspaper) would make Germany responsible for the European conflagration which would result from a similar step by Russia, in so far as she fails to make Austria-Hungary yield. Though Austria-Hungary has called forth the conflict with Serbia, Serbia is the real aggressor.

Russia has a right to champion Serbia if she believes she must. This, however, means making the activities of Serbia her own to undermine Austria-Hungary and the sole responsibility if a European war arises is hers. All the other great Powers desire to localize the conflict. The Austro-Hungarian Foreign Minister "has officially declared to Russia that Austria-Hungary has no intention to acquire Serbian territory or to touch the existence of the Serbian Kingdom, but only desires peace against the Serbian intrigues threatening its existence." The attitude of the German Government is clear. The goal of Pan-Slav agitation is the destruction of Austria-Hungary, the weakening of the Triple Alliance, and the isolation of Germany. "Our own interest therefore calls us to the side of Austria-Hungary." To guard Europe against an universal war, we must "support" endeavours to localize the conflict. If the fire spreads we must do our duty as Allies and our consciences will be free of guilt for the outbreak.

EXHIBIT III

GERMAN AMBASSADOR AT VIENNA TO CHANCELLOR, JULY 24, 1914.

The Austro-Hungarian Foreign Minister to-day explained "thoroughly and cordially Austria-Hungary's point of view towards Serbia" to the Russian Chargé d'Affaires. There was "no thought of conquest." This step was merely meant as a definite means of checking the Serb intrigues. Austria-Hungary must have a guarantee for continued amicable relations with Serbia. There was no intention to change the balance of power in the Balkans.

EXHIBIT IV

GERMAN AMBASSADOR AT ST PETERSBURG TO CHANCELLOR, JULY 24, 1914.

The Russian Foreign Minister indulged in "unmeasured accusations toward Austria-Hungary." He was much agitated. "He declared most positively that Russia could not permit under any circumstances that the Serbo-Austrian difficulty be settled alone between the parties concerned."

EXHIBIT V

GERMAN AMBASSADOR AT ST PETERSBURG TO CHANCELLOR, JULY 26, 1914.

The Austro-Hungarian Ambassador and the Russian Foreign Minister both have "a satisfactory impression" after an interview. The latter was "greatly pacified" by the assurance that there was no idea of conquest only of peace at last on the frontiers.

EXHIBIT VI

GERMAN HONORARY A.D.C. TO TSAR TO THE KAISER, JULY 25, 1914.

Manœuvres at Krasnoe were suddenly interrupted, and troops returned to garrisons. Manœuvres cancelled. Military pupils to-day were raised to

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rank of officers instead of next autumn. Great excitement over Austro-Hungarian procedure. A.D.C. has impression that complete preparations for mobilization against Austria-Hungary are being made.

EXHIBIT VII

GERMAN MILITARY ATTACHE AT ST PETERSBURG TO GENERAL STAFF, JULY 26, 1914.

Deems it certain mobilization ordered for Kieff and Odessa; doubtful at Warsaw and Moscow, and improbable elsewhere.

EXHIBIT VIII

GERMAN CONSUL AT KOVNO (RUSSIA) TO CHANCELLOR, JULY 27, 1914.
Kovno declared to be in a state of war (Kriegszustand).

EXHIBIT IX

GERMAN MINISTER AT BERNE TO CHANCELLOR, JULY 27, 1914.

Has learned reliably that French XIVth Corps has discontinued manoeuvres.

EXHIBIT X

GERMAN CHANCELLOR TO GERMAN AMBASSADOR AT LONDON, JULY 26, 1914.

Austria-Hungary has declared officially in St Petersburg she has no desire for territorial gain and will not touch existence of kingdom. She only desires to establish peaceful conditions. According to "news here," call for several classes of reserves (Russian) expected immediately, which is equivalent to mobilization (also against us). If news correct, counter measures, much against our wishes, will be necessary. Localization of conflict and peace of Europe still our wish. We suggest action at St Petersburg in this sense "with all possible emphasis."

EXHIBIT X (A)

GERMAN CHANCELLOR TO GERMAN AMBASSADOR AT PARIS, JULY 26, 1914.

After Austro-Hungarian declaration to Russia (see last Exhibit) Russia will be responsible for decision whether there is to be a European war. Germany relies on France, with whom we are at one in desire for peace, to influence St Petersburg in that direction.

EXHIBIT X (B)

GERMAN CHANCELLOR TO GERMAN AMBASSADOR AT ST PETERSBURG, JULY 26, 1914.

After solemn declaration by Austria-Hungary of its territorial disinterestedness, all responsibility rests on Russia

EXHIBIT XI

CONVERSATION OF GERMAN MILITARY ATTACHE WITH RUSSIAN SECRETARY FOR WAR, JULY 27, 1914.

At the Russian Foreign Minister's request, the Secretary for War saw the attaché. He gave his word of honour that no order to mobilize was yet issued.

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General preparations being made, but no reserves called and no horses mustered. If Serbian frontier is crossed, "such military districts as are directed toward Austria, viz., Kiev, Odessa, Moscow, Kazan, are to be mobilized." Under no circumstances, those on German frontier, viz., Warsaw, Vilna, St Petersburg. Peace with Germany much desired. On being asked object of mobilization against Austria-Hungary, the Secretary of War referred the attaché "to the diplomats." The attaché said he appreciated the friendly intentions, "but considered mobilization even against Austria-Hungary as very menacing."

EXHIBIT XII

GERMAN CHANCELLOR TO GERMAN AMBASSADOR AT LONDON, JULY 27, 1914.

Knows nothing as yet of Grey's suggestion for a quadruple conference in London. Cannot place ally in his dispute with Serbia before a European tribunal. German mediation "must be limited to the danger of an Austro-Russian conflict."

EXHIBIT XIV

GERMAN CHANCELLOR TO GERMAN AMBASSADOR AT ST PETERSBURG, JULY 28, 1914.

We continue to try to get Vienna to elucidate in St Petersburg the object and scope of Austro-Hungarian action in Serbia in a manner "both convincing and satisfactory to Russia." The declaration of war (against Serbia) alters nothing.

EXHIBIT XV

GERMAN CHANCELLOR TO GERMAN AMBASSADOR AT LONDON, JULY 27, 1914.

We have at once started mediation in Vienna in the sense desired by Sir E. Grey. We have also communicated the Russian Foreign Minister's desire "for a direct parley with Vienna."

EXHIBIT XVI

GERMAN AMBASSADOR AT VIENNA TO GERMAN CHANCELLOR, JULY 28, 1914.

The Austro-Hungarian Foreign Minister states that after the opening of hostilities by Serbia and the subsequent declaration of war, the English mediation proposal appears belated.

EXHIBIT XVII

GERMAN CHANCELLOR TO GERMAN AMBASSADOR AT PARIS, JULY 29, 1914.

Says that news about French war preparations "multiplies from hour to hour." Counter measures will be necessitated. We should have to proclaim "threatening state of war." This would mean more tension, though not a call for reserves or mobilization. We still hope for peace.

EXHIBIT XVIII

GERMAN MILITARY ATTACHÉ AT ST PETERSBURG TO KAISER, JULY 30, 1914.

Kaiser's telegram made deep impression on Tsar, but mobilization against Austria-Hungary was already ordered and the Tsar could not retreat. Attaché told him that the guilt for the measureless consequences lay at the door of premature mobilization against Austria-Hungary "which after all

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was involved merely in a local war with Serbia." Germany's answer was clear and the responsibility rested on Russia after Austria-Hungary's assurance that there was no intention of territorial gain in Serbia. Austria-Hungary had mobilized only against Serbia. Germany could not understand Russian attitude after horrible murder at Sarajevo. The Tsar need not wonder if Germany's army were to be mobilized.

EXHIBIT XIX.

GERMAN CHANCELLOR TO GERMAN AMBASSADOR AT ROME, JULY 31, 1914.

We have continued to negotiate between Russia and Austria-Hungary through telegrams between Kaiser and Tsar and also in conjunction with Grey. Efforts handicapped, if not made impossible, by mobilization of Russia. Such far-reaching measures are being taken by Russia against us in spite of pacifying assurances that situation becomes ever more menacing.

EXHIBIT XX

THE KAISER TO THE TSAR, JULY 28, 1914.

Is anxious about impression caused by Austro-Hungarian action against Serbia. Sarajevo murder was result of unscrupulous agitation for years in Serbia. Spirit which caused murder of King Alexander and Queen Draga still dominates her. All Sovereigns have common interest in punishing those responsible for Sarajevo crime. Kaiser sees difficulty before Tsar of stemming public opinion and promises to try and induce Austria-Hungary "to obtain a frank and satisfactory understanding with Russia." He asks for Tsar's support.

EXHIBIT XXI

TSAR TO THE KAISER, JULY 29, 1914.

Is glad Kaiser is back in Germany and asks for his help. He fully shares the tremendous Russian indignation at declaration of "an ignominious war ... against a weak country." Fears he soon cannot resist pressure for measures which will lead to war. He appeals to the Kaiser's friendship to restrain his ally.

EXHIBIT XXII

KAISER TO THE TSAR, JULY 29, 1914.

He shares desire for peace, but does not consider war against Serbia ignominious. Serbian promises unreliable. Austria-Hungary's action is, in his view, to obtain a guarantee for fulfilment. Already explained, no territorial gain sought by her. Perfectly possible for Russia "to remain a spectator," and not draw Europe into most terrible war ever seen. He believes a direct understanding with Vienna, which his Government does all it can to aid, is still possible. Russia's military measures, "which might be construed as a menace by Austria-Hungary," naturally would hasten a calamity and spoil his efforts to mediate. He willingly accepts Tsar's appeal to his friendship.

EXHIBIT XXIII

KAISER TO THE TSAR, JULY 30, 1914.

Attention of Russian Government has been drawn to danger of mobilization. Austro-Hungarian mobilization is only against Serbia "and only a part

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of her army." If Russia mobilizes against Austria-Hungary, his mediation, undertaken at Tsar's express desire, is threatened if not made impossible. The responsibility for war or peace rests with the Tsar.

EXHIBIT XXIII (A)

TSAR TO THE KAISER, JULY 30, 1914.

Thanks Kaiser for quick reply. Is sending Russian honorary aide to the Kaiser that night with instructions. Military measures now taking form were decided upon five days ago for defence against Austro-Hungarian preparations. Earnestly hopes they will not influence Kaiser's mediation which is so highly appraised. Tsar needs Kaiser's strong pressure upon Austria-Hungary if an understanding is to be reached.

EXHIBIT XXIV

GERMAN CHANCELLOR TO GERMAN AMBASSADOR AT ST PETERSBURG, JULY 31, 1914.

In spite of negotiations and of absence of German preparations for mobilization, entire Russian army and navy are being mobilized, "hence also against us." We are forced, therefore, to proclaim "the threatening state of war." Mobilization is bound to follow unless every Russian measure of war against us "and against Austria-Hungary" is stopped within twelve hours. Hour of communication to be wired.

EXHIBIT XXV

GERMAN CHANCELLOR TO GERMAN AMBASSADOR AT PARIS, JULY 31, 1914.

He sends the same news in similar words to those used in the last Exhibit and tells of his ultimatum to Russia. "Mobilization," he says, "inevitably implies war." France must say within eighteen hours if she means to remain neutral in a Russo-German war. Utmost speed necessary.

EXHIBIT XXVI

GERMAN CHANCELLOR TO GERMAN AMBASSADOR AT ST PETERSBURG, AUGUST 1, 1914.

Sends a declaration of war which is to be transmitted to Russian Government at 5 p.m. if no satisfactory reply comes. The declaration states that the German Government has tried for a peaceful solution from the outset. The Kaiser at the desire of the Tsar had undertaken mediation, when Russia without waiting proceeded to mobilize all her forces, though no military preparations by Germany gave her a reason for this step. The latter had therefore to insist on Russia ceasing her military acts, and, as Russia had refused and so shown her action to be aimed at Germany, the Kaiser accepts the challenge and considers himself in a state of war with Russia.

EXHIBIT XXVII

GERMAN AMBASSADOR AT PARIS TO GERMAN CHANCELLOR, AUGUST 1, 1914.

The French Prime Minister, when asked if France would remain neutral, declared that she would do that which her interests dictated.

The Belgian Grey Book

III. THE BELGIAN GREY BOOK

July 24, 1914.

The text of the Austro-Hungarian note to Serbia reaches Brussels.

An undated circular note containing an assurance to the guaranteeing powers of Belgium's determination in the event of war to fulfil her international treaty obligations is sent to the Belgian Ministers at the capitals of those powers and also to those at Rome, The Hague, and Luxembourg. The note, which is summarized below, was not to be delivered until further instruction from Brussels, as immediate delivery would be premature.

July 25.

The Belgian Minister at Belgrade sends the text of the Serbian reply to Austria-Hungary to Brussels.

July 26.

The Belgian Foreign Minister is informed by the Austro-Hungarian Legation that the reply was considered unsatisfactory and that diplomatic relations had been broken off. Serbian mobilization had, they said, already been ordered before 3 o'clock.

July 27.

The Belgian Foreign Minister hears from Berlin of the British suggestion for mediation by Germany, France, Italy and Great Britain, and that Germany alone had not replied.

July 28.

War is declared by Austria-Hungary against Serbia.

July 29.

The Belgian Government decides to place its army upon a strengthened peace footing. It explains to foreign governments that this step must in no way be confused with mobilization. All Belgium consists, in some degree, of a frontier zone. On the ordinary peace footing her army consists of only one class of armed militia. On the strengthened peace footing, the units are brought to "the same strength as those of the corps permanently maintained in the frontier zones of the neighbouring Powers."

July 31.

The French Minister shows the Belgian Foreign Minister a telegram from the Agence Havas reporting a state of war in Germany and gives him an assurance that no incursion of French troops into Belgium will take place, even if considerable forces are massed upon the Belgian frontiers. The Belgian

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July 31.

Minister says that he has every reason to believe that the attitude of the German Government will be the same.

The Belgian Missions abroad are informed that mobilization has been ordered for August 1.

Sir E. Grey, who had asked the French and German Governments if they would respect Belgian neutrality, presumes that Belgium will do her utmost to maintain it and that she wishes it respected. The Belgian Foreign Minister gives the assurance asked for, and is convinced that the other Powers will respect and maintain Belgian neutrality. He states that the Belgian forces, in consequence of their recent re-organization, are sufficient for an energetic defence; that the Netherlands decided to mobilize before Belgium; and that the recent date of the new Belgian military system and the temporary nature of the measures on which the Government had then to decide, compelled immediate and thorough precautions. These precautions showed their strong desire to uphold their neutrality themselves.

The Secretary-General of the Belgian Foreign Office explains to the German Minister the scope and purpose of the Belgian military preparations, and that they imply no distrust of their neighbours. He reminds him of past assurances given by Germany. Thus, at the time the Dutch were fortifying Flushing in 1911, when certain newspapers predicted the violation of Belgian neutrality by Germany, the German Chancellor, being asked for an assurance, declared that Germany had no intention of violating it, and only declined to make a public declaration lest the military position with regard to France should be weakened. The Belgian Secretary-General also reminded the German Minister of the reassuring declarations of the German Secretary of State to the Budget Commission of the Reichstag in 1913. The German Minister assured the Secretary-General that the sentiments then expressed by Germany had not changed.

A letter received on May 2, 1913, from the Belgian Minister at Berlin, sets out the German Secretary of State's actual words in answer to a member of the Social Democratic party. "Belgian neutrality," he said, "is provided for by International Conventions, and Germany is determined to respect those Conventions." Again, replying to a further question, he stated "that he had nothing to add to the clear statement he had made respecting the relations between Germany and Belgium." The German Minister of War also declared, that "Belgium plays no part in the causes which justify the proposed reorganization of the German military system. That proposal is based on the situation in the east. Germany will not lose sight of the fact that the neutrality of Belgium is guaranteed by international treaty." Lastly, reference being made once more to Belgium, the German Secretary of State repeated "that this declaration in regard to Belgium was sufficiently clear."

August 1.

The Belgian Foreign Minister hears from London that France has undertaken to respect Belgian neutrality, but that Germany's reply is still awaited. He further hears from Berlin that the German Foreign Minister is unable to answer Sir E. Grey's question.

The French Minister gives Brussels a formal assurance on behalf of his

The Belgian Grey Book

August 1.

Government. In the event of Belgian neutrality not being respected by another Power, the French Government might find it necessary to modify its attitude to secure its own defence. The Belgian Foreign Minister states that Belgium has taken all measures necessary to ensure respect for her independence and her frontiers.

He then instructs his Ministers abroad to deliver to the various Governments the circular note forwarded to them on July 24. Belgium, as the note points out, has most scrupulously observed the duties of a neutral State imposed upon her by treaty and will strive unflinchingly to fulfil them. She confidently expects her boundaries to be respected. In any case, all necessary steps to ensure such respect have been taken. Her army is mobilized and the forts of Antwerp and on the Meuse in a state of defence. These steps are solely to enable Belgium to fulfil her international obligations. There is no intention of taking part in an armed struggle between the Powers or any feeling of distrust of any of them.

August 2.

Brussels hears of the violation of Luxemburg, and of its protest against Germany's action.

The Belgian Foreign Minister warns the German Minister that the formal promise of the French Minister to respect Belgian neutrality will be made public. The German Minister had no instructions to make an official communication on the subject, but added "that we (the Belgians) knew his personal opinion as to the feelings of security which we had the right to entertain towards our eastern neighbours." The Foreign Minister had no doubt of Germany's perfect correctness, but said he attached "the greatest importance to the possession of a formal declaration." . . .

No such declaration came, but on the same day a note is handed to the Belgian Government in which the German Government says it has information that the French intend to march through Belgian territory against Germany. It fears that Belgium, in spite of the utmost good-will, can not without assistance repel such an invasion with sufficient prospect of guaranteeing Germany against danger. Germany, in self-defence, has to anticipate any such hostile attack. In order to remove the possibility of Belgium regarding the entry of Belgian territory by German troops as an act of hostility the following declaration is made:

"1. Germany has in view no act of hostility against Belgium. In the event of Belgium being prepared in the coming war to maintain an attitude of friendly neutrality towards Germany, the German Government bind themselves, at the conclusion of peace, to guarantee the possessions and independence of the Belgian Kingdom in full.

"2. Germany undertakes, under the above-mentioned condition, to evacuate Belgian territory on the conclusion of peace.

"3. If Belgium adopts a friendly attitude, Germany is prepared, in co-operation with the Belgian authorities, to purchase all necessities for her troops against a cash payment, and to pay an indemnity for any damage that may have been caused by German troops.

"4. Should Belgium oppose the German troops, and in particular should

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August 2.

she throw difficulties in the way of their march by a resistance of the fortresses on the Meuse, or by destroying railways, roads, tunnels, or other similar works, Germany will, to her regret, be compelled to consider Belgium as an enemy."

If Belgium resists the eventual adjustment of relations between the two States must be left to the decision of arms.

Twelve hours are given the Belgian Government within which to reply.

August 3.

The German Minister informs the Belgian Foreign Office at 1.30 a.m. that French dirigibles have thrown bombs, and that a French cavalry patrol has crossed the frontier in violation of international law. On being told that the incidents happened in Germany, the Secretary-General said he failed to understand the object of the communication. The reply was that as these acts were contrary to international law it was reasonable to suppose that other such acts would be committed by France.

The Belgian Foreign Minister replies at 7.0 a.m. to the German Note of August 2, which had made a "deep and painful impression upon his Government":

(1) The intentions attributed to France by Germany are a contradiction of the formal declaration made by France to Belgium on August 1.

(2) If France does violate Belgian neutrality, Belgium will offer a vigorous resistance.

(3) "The treaties of 1839, confirmed by the treaties of 1870, vouch for the independence and neutrality of Belgium under the guarantee of the Powers, and notably of the Government of His Majesty the King of Prussia."

(4) Belgium has always been faithful to her international obligations. She has "carried out her duties in a spirit of loyal impartiality, and she has left nothing undone to maintain and enforce respect for her neutrality."

(5) The threatened German attack upon her independence constitutes a flagrant violation of international law, which no strategic interest could justify.

(6) To accept the German proposals would be to sacrifice the honour of the Belgian nation and betray their duty towards Europe.

(7) The Government refuses to believe that Belgian independence can only be preserved at the price of the violation of her neutrality.

(8) They are firmly resolved "to repel, by all the means in their power, every attack upon their rights."

The twelve hours given for their reply had expired at 7 o'clock this same morning. As, however, no act of war had occurred, the Belgian Foreign Minister writes at noon that there is no need at the moment to appeal to the guaranteeing Powers. The French Minister undertook that his Government would at once respond to any appeal by Belgium, but in the absence of such an appeal "unless of course exceptional measures were rendered necessary in self-defence" it would not intervene until Belgium had taken some effective measures of resistance. The Foreign Minister replies that they are making no appeal at present to the guarantee of the Powers, and that they will decide later what ought to be done.

The Belgian Grey Book

August 3.

The King of the Belgians appeals for the diplomatic intervention of the King of Great Britain "to safeguard the neutrality of Belgium."

The Belgian Minister in London is informed by Sir E. Grey that if Belgian neutrality is violated "it means war with Germany."

August 4.

The German Government replies that in consequence of the refusal of the Belgian Government, they "find themselves compelled to take—if necessary by force of arms—those measures of defence already foreshadowed as indispensable, in view of the menace of France."

The British Government expect Belgium to resist any German pressure with all the means at her disposal. They are prepared to join Russia and France in assisting her, and in guaranteeing her future independence and integrity.

News arrives of the violation of Belgian territory by Germany.

The German Minister at Brussels is handed his passports, and the German Legation placed under the care of the American Minister.

The Belgian Minister at Berlin is instructed to return, and the Spanish Government asked to take charge of Belgian interests in Germany.

The German Chancellor, speaking in the Reichstag, recognizes without the slightest disguise that Germany is violating international law and committing a wrong against Belgium. His actual words were as follows:

"We are in a state of legitimate defence and necessity knows no law.

"Our troops have occupied Luxemburg and have perhaps already entered Belgium. This is contrary to the dictates of international law. France has, it is true, declared at Brussels that she was prepared to respect the neutrality of Belgium so long as it was respected by her adversary. But we knew that France was ready to invade Belgium. France could wait; we could not. A French attack upon our flank in the region of the Lower Rhine might have been fatal. We were, therefore, compelled to ride roughshod over the legitimate protests of the Governments of Luxemburg and Belgium. For the wrong which we are thus doing, we will make reparation as soon as our military object is attained.

"Anyone in such grave danger as ourselves, and who is struggling for his supreme welfare can only be concerned with the means of extricating himself; we stand side by side with Austria."

Mr Asquith states in the House of Commons that the German Government, which had sought to excuse its action, has again been requested by the British Government to give assurances about Belgian neutrality, and given till midnight to reply.

Great Britain expects Norway, Holland and Belgium to resist German pressure and observe neutrality. She promises her support and will join France and Russia in offering an alliance to these Governments (if they desire it) to resist Germany, and in guaranteeing their future independence and integrity.

The Belgian Foreign Minister sends a résumé of events leading up to the crisis to the Belgian Ministers at Paris, London and St Petersburg. He states that the failure of Berlin to reply to Sir E. Grey's request for any

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August 4.

assurance about Belgian neutrality did not disturb him as the German Secretary of State had reaffirmed at the meeting of the Committee of the Reichstag on April 29, 1913, "that the neutrality of Belgium is established by treaty which Germany intends to respect."

The Belgian Foreign Minister is informed by telegram that the British proposal (viz., that to Norway, Holland and Belgium) was for the time being cancelled, in consequence of the British ultimatum to Germany. The Belgian Government had for the moment been perplexed at this cancellation, but this telegram shows the change of attitude to be due to the ultimatum which gave Germany a time limit of ten hours within which to evacuate Belgian territory.

The Belgian Government, their territory having been invaded by Germany, appeal to Great Britain, France and Russia to co-operate in their defence as guaranteeing Powers. They ask for concerted and joint action and undertake the defence of their own fortified places.

August 5.

After the rejection of her proposals Great Britain informs Germany "that a state of war existed between the two countries as from 11 o'clock" (the previous night).

Belgium protests to all countries against the violation of her neutrality which Germany had by treaty undertaken to observe. In the words of the treaty, "Belgium shall form a State independent and perpetually neutral." Under the Hague Convention of 1907, force used by a neutral Power in repelling an attack could not be considered a hostile act.

Notification of a state of war between France and Germany is communicated to Brussels. The French Government will "on condition of reciprocity act, during hostilities, in conformity with the provisions of the international conventions signed by France on the subject of the rights of war on land and on sea."

Great Britain considers joint action with the Belgian Government justified by the Treaty of 1839. The British fleet will ensure the free passage of the Scheldt for the provisioning of Antwerp.

The French and Russian Governments agree to co-operate with Great Britain "in the defence of Belgian territory."

August 6.

The Netherlands declare their neutrality.

Measures are arranged between the Belgian and Dutch Governments for the war buoying and regulation of the navigation of the Scheldt.

August 7.

Belgium trusts that the war will not be extended to Central Africa. She has instructed the Belgian Congo authorities "to maintain a strictly defensive attitude," and asks whether the French and British Governments intend to proclaim the neutrality of their respective possessions in the conventional basin of the Congo* "in accordance with Article 11 of the

* N.B.—The conventional basin of the Congo includes a very large part of Central Africa extending far beyond the actual basin of that river.

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August 7.

General Act of Berlin." Hostilities between the French and Germans in the Ubangi were anticipated.

The French Government were at first in favour of proclaiming the neutrality of the African countries referred to, and even asked Spain to make the suggestion at Berlin; but, later, on August 16 and 17, France and Great Britain reply that in view of the existing situation Germany should be attacked wherever possible. France also wished to get back the part of the Congo which she had been compelled to give up after Agadir and hostilities had already commenced, Germany having attacked British Central Africa, Great Britain Dar-es-Salaam.

August 9.

The German Government sends a second message to the Belgian Government through Holland (the United States Minister having declined to act as intermediary). After reporting the fall of Liège, they "most deeply regret that bloody encounters should have resulted from the attitude of the Belgian Government towards Germany." They deny that they have entered Belgium as an enemy and say French military measures forced them to do so. They beg the Government, now that the honour of their arms has been upheld, to spare Belgium the further horrors of war. Germany is ready for any compact that can be reconciled with her conflict with France and has no intention of appropriating Belgian territory.

Certain words in the German proposals were not clear in the original dispatch, but were explained in the above sense at the request of the Belgian Government.

August 10.

The Luxemburg Government is obliged by Germany to dismiss the Belgian Minister.

August 12.

On receiving this explanation the Belgian Government, which had already obtained the approval of Great Britain and France to the form of their reply, telegraph their refusal.

August 13.

The Russian approval arrived the next day.

August 17.

A telegram from Berlin to London, dated July 31 and published in the British White Book, contained the following passage: "It appears from what he (his Excellency the Secretary of State) said, that the German Government consider that certain hostile acts have already been committed by Belgium. As an instance of this, he alleged that a consignment of corn for Germany had been placed under an embargo already."

This German allegation is categorically refuted by the Belgian Foreign Minister. A Belgian decree of July 30 had provisionally prohibited, as a

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August 17.

simple precaution within the rights of any State under such exceptional circumstances, the export from Belgium of certain products, especially cereals. The German Minister at Brussels therefore pointed out in a letter dated July 31 that certain grain cargoes at Antwerp in transit to Germany were being detained by the Customs Officers. Authority for the export of this grain, which being in transit did not fall under the decree, was at once given on August 1.

August 26.

The Germans continue their skirmishes on Tanganyika and attack Lukuga.

August 28.

Austria-Hungary declares herself at war with Belgium. She complains not only of Belgian assistance to France and Great Britain, but also of the treatment of her nationals.

August 29.

The Belgian Government deny any ill-treatment of Austro-Hungarians. They point out the aggressive nature of Germany's act and how they waited not only until the German ultimatum had expired but even until their territory was violated before appealing to France and Great Britain. For a neutral Power to repel invaders was not an hostile act under Article 10 of the Hague Convention and Germany had herself recognized her violation of international law.

